The Paradox of the Third Sector: a systems-theoretical, relational approach to the role of third sector in welfare governance via local partnerships

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Declaration

I confirm that this thesis is my own work and has not been submitted in substantially the same form for the award of a higher degree elsewhere.

Silvia Ferreira

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List of Acronyms and Abbreviations

ACEVO – Association of Chief Executives of Voluntary Organisations
AGM – Annual General Meeting
BB – Building Block
BME – Black and Minority Ethnic
CAB – Citizens Advice Bureau
CCP – Council Corporate Plan
CCT – Compulsory Competitive Tendering
CO – Community Organisation
CS – Community Strategy
CU – Credit Union
CVS – Centre for Voluntary Services
DCLG – Department of Communities and Local Government
HO – Home Office
LA – Local Authority
LAA – Local Area Agreement
LAP – Local Action Plan
LG – Local Government
LGWP – Local Government White Paper
LSP – Local Strategic Partnership
NCVO – National Council for Voluntary Organisations
NRF – Neighbourhood Renewal Fund
NRF-LSP – Local Strategic Partnership in Neighbourhood Renewal Fund areas
NSMs – New Social Movements
ODPM – Office of the Deputy Prime Minister
OTS – Office of the Third Sector
PCT – Primary Care Trust
RDA – Regional Development Agency
SE – Social Enterprise
SLA – Service Level Agreement
SRA – Strategic-Relational Approach
ST – Systems Theory
TS – Third Sector
TSO – Third Sector Organisation
VCFS – Voluntary, Community and Faith Sector
VCO – Voluntary and Community Organisation
VCS – Voluntary and Community Sector
VO – Voluntary Organisation
VS – Voluntary Sector
WR – Wolfenden Report

I dedicate this thesis to my mother,
who could not see it through its end,
and to my son, who holds the future.

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Abstract

The potential of governance through partnerships and the third sector to solve state and market failures has been taken up internationally. Yet this solution poses theoretical and practical challenges because these instruments further complicate an already complex field of action concerned with social problems.

While the third sector and governance are much studied, approaches that connect their roles in welfare governance to broader theoretical issues are underdeveloped. This thesis seeks to fill this gap by developing a systems-theoretical, relational approach that adopts the complexity and cultural turns and that was developed in a dialogue between ethnography and theoretical inquiry. The case study involved a Local Strategic Partnership in an English district in a period dominated by Third Way policies. The theoretical inquiry draws on Luhmannian systems theory and Jessop's strategic-relational approach. Overall, the thesis explores, empirically and theoretically, discourses and semantics, descriptions and self-descriptions, policies, network and organisational features, decisions and undecidabilities, paradoxes and contingencies and the self-potentiating complexity of selections. In particular, it considers the variety of first- and second-order observations of failure and their role as a stimulus to continuing attempts at governance despite the recurrent experience of failure.

In this way, the thesis explores the inevitably complex unfolding dialectic between two sides of a fractally structured part-whole paradox in societies characterized by functional differentiation and network governance. This paradox has two sides. The state is but one institutional ensemble in a complex society that is nonetheless charged with governing the whole society; and the third sector is expected to represent the side of 'society' to the state and to deliver state objectives. Each side has its own fractal complexities, reinforced through their interaction. The thesis concludes by highlighting the analytical potential of this approach to understanding the complexities of governance in and through the third sector.

Chapter 1

Introduction: setting the stage

This thesis observes the relationship between the third sector (TS) and the welfare state in the shift from government to governance. It examines both the semantics of this relationship and its changing institutional and organisational forms. It analyses this relationship in terms of the complexity paradigm, which it deploys in an ethnographic study of a local, strategic, multisectoral partnership and the TS in an English district.

The contribution of the third sector to government has long been recognized through the attribution to third sector organisations (TSOs) of a special public status that attracts tax benefits, access to and participation in policy-making bodies, public grants, and contracts for the provision of public services (Lorentzen and Enjolras 2005). But my research focuses on the rise of TS semantics (i.e., its social construction as a specific set of organisations with a specific role in governance) and on attempts to govern the sector within the broader framework of overcoming the crisis of the welfare state and, more recently, the problems created by the use of the TS in this regard.

There are other ways to name and describe this field of social relations but the concept 'third sector' serves to emphasise, first, the idea of unity as a sector, second, the historical moment of its emergence and, third, its intermediate position between state, market and community. A popular alternative to the third sector is 'civil society' but, for present purposes, it is less directly concerned with the welfare state and has not played the same role in welfare state crisis-management or reform proposals. This chapter relates my topic to broader changes in the welfare state and wider research questions. It then introduces the theoretical framework and presents some key epistemological and methodological choices, including the context and object of study and the research strategy. It concludes with an outline of subsequent chapters.

1. The relevance of observing the third sector in governance

Since the mid-1970s, when contradictions in the welfare state generated its financial and legitimacy crisis (Offe 1984) and crisis-solution narratives (Jessop 1999), the third sector always figured in discussions of the future of the welfare state as part of crisis solutions under several descriptions and political projects. This imaginary entity comprises organisations and ideas that purportedly differ from those of the state and the market (Levitt 1973; Etzioni 1973; Delors 2004; Lipietz 1984). The plasticity of the concept enables its use in diverse political programmes (Santos 2006) but its very diversity means that it is expected to perform many roles. In particular, it has been seen both as an economic actor (providing jobs and entrepreneurship, satisfying consumer needs and creating wealth) and a political actor (promoting citizenship and empowerment and partnering the state in local governance) (Amin et al. 2002, 2). Moreover, in policy, practice and discourses, the TS is described as provider in the context of the welfare state (or its retrenchment), co-producer of policy and co-responsible with the state for the welfare of a given population (McLaughlin 2004).

One of the many causes that led to the emergence of this new actor is the recognition of a growing number of needs and demands as legitimate public responsibilities. TSOs acquired a key role alongside extant welfare services in this regard, albeit with national variations (Salamon and Anheier 1998; Evers and Laville 2004a). This also encouraged the discursive construction and practical organisation of the TS (DiMaggio and Powell 1983), as initiatives in this organisational field articulated a common identity and developed common strategies of creating ‘a sector’.

Research and training on this area also played its part in this regard (Van Til and Ross 2001; Hodgkinson and Painter 2003; Taylor 2010).

A second factor behind the sector's rise is the growth of new social movements (NSMs) in the 1960s. Unlike labour movements, these targeted the non-commodified reproductive functions of the welfare state (Offe 1984), addressing the welfare state and its TS traditionalist partners, criticizing rigidity, productivism, paternalism, regulation and also insufficiency (Carpi 1997).[1] By addressing their demands to the state, NSMs highlighted contradictory functions of the welfare state, namely, securing capitalist accumulation and providing de-commodified public services (Offe, 1984). Thus, as Offe (1984) notes, social services gained a dual reference (e.g., health as well-being and ability to work, education as personal development and labour-market skills). TSOs usually get involved in this duality on its non-commodified side.

A third contributing factor is the dynamic of the welfare state as a central site of policies of social inclusion in a functionally-differentiated society in which equal access for all its members to different functional systems is essential, but in which the substantive operation of these systems creates multiple barriers to such inclusion. Luhmann (1990a) relates this to the paradox of the welfare state: by including the entire population in the political system, it opens the space for potentially limitless demands on the state to meet newly identified wants and needs of persons or groups that are excluded in one way or another. Jessop (1990) makes a similar point in terms of part-whole paradox in which, although the political system (with the state at its core) is only a part of modern society, it is expected to solve the problems created by the operation of other parts (functional systems) that it cannot control. Thus, for both Luhmann and Jessop, the welfare state faces demands that it cannot satisfy.

[1] See particularly Moulaert and Ailenei (2005) for an historical analysis of the social economy related to political and economic crisis.

Fourthly, it is in this context that the TS has been promoted as a solution to these crises and integrated, in many countries, into policies of welfare restructuring and retrenchment. During the 1980s and, particularly, the 1990s, the prominence of the TS was supported by the growing inclusion of the sector policies in governmental offices and international agencies (CIRIEC 2000). This trend is especially marked in the United Kingdom. Indeed, Kendall and Taylor describe Third Way policies as 'hyper-active development of policy towards the third sector' (2010, 210). Elsewhere the TS lacks such a high policy profile (Gidron and Bar 2009).

The TS did not emerge everywhere at the same time and for the same reasons. For instance, in social-democratic welfare regimes (Esping-Andersen 1999) it required particular political conditions that were only realized in the 1990s (Matthies 2006). In welfare corporatist regimes, where a restricted group of TSOs have privileged access to the state, it was harder for an all-embracing sector to emerge. Other factors, nonetheless, contributed to the global spread of the idea, such as policy transfer and, in some cases, the emergence of the elements of a Schumpeterian Workfare Post-national Regime (Jessop 2002),[2] and the role of academic studies in defining and measuring the sector globally.[3]

Perhaps the most important aspect of the crisis of the welfare state is the search for alternative modes of steering societal relations besides the state: a return to the market (neoliberalism), community (neocommunitarianism), and network governance (Streeck and Schmitter 1985; Messner 1997).

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[2] Jessop (2002) identifies four main ideal-typical features of the Schumpeterian Workfare Post-national Regime: a) supply-side policies promoting permanent innovation and flexibility; b) social policy subordinated to the demands of economic policy promoting integration in the labour market; c) loss of national scale prominence as the main scale for economic and social policy; d) shift from government to governance and metagovernance. Descriptions of the TS include many of these elements: emphasis on its innovation capacity and flexibility, capacity to generate employment and employability, emphasis on the local and participation in governance.

[3] See, for instance, the *Comparative Nonprofit Sector Project* based at the Johns Hopkins University (Salamon et al. 2004). Since it started, in 1995, this project has covered 41 countries, being often the first national surveys of the 'sector'.

The shift from government to governance introduced new ways of conceiving the responsibilities for welfare and societal governance (Zimmer 2010). Regarding the role of the third sector, we can highlight the participation of a broader number of actors in governance processes and a shift in modes of governance from the centrality of the hierarchy of the state or the anarchy of markets towards heterarchic forms such as networks (Jessop 1998). The contribution of shared governance to welfare state crisis solutions has been proposed since the 1980s, particularly under the idea of tripartite corporatism (Ferrera et al. 2001; Jessop 1990); but, since the 1990s, the traditional social partners lost the monopoly of shared governance. So, some authors describe the current rise of partnerships as a new corporatism (Lowndes and Sullivan 2004) that replaces business associations and unions by civil society (or TSOs). Governance semantics reinforced the idea of the TS as an area between market and state (Messner 1997).

Although different welfare regimes adopt different solutions (see the typology in Jessop 2002), the semantics of new governance through partnerships has been supported by global social policy institutions. Partnerships have been promoted almost everywhere by national governments and supranational agencies, such as the European Commission (see Geddes and Benington 2001) and OECD (2001). Nonetheless, partnerships do not replace the state, which not only becomes a partner alongside other partners, but also reserves for itself a metagovernance role, i.e. organising the conditions of governance (Jessop 2003). So, the state is both one among several partners and, through its metagovernance role, primus inter pares.

There are many types of partnerships and they pre-date the government-governance shift.[4] I am interested in one specific type: the formal local multisectoral bodies that have gone beyond consultative or implementing to ‘a higher level of input

[4] For an international study under a broad definition of PPPs, see Osborne 2000.

into the process of strategy-making and policy formulation' (Geddes and Benington 2001, 34). Skelcher et al. (2005) call these multisectoral partnerships to distinguish them from Public-Private Partnerships (PPP), the latter being associated with arrangements between public agencies and private enterprises to carry on public infrastructures (Renda and Schreffler 2006). Multisectoral partnerships include governmental, private, TS actors, are semi-autonomous organisational structures and are involved in producing and delivering public policy at the subnational level. Even more specifically, I am interested in local, multisectoral, multifunctional, strategic partnerships designed at the metagovernance level by national government, to be organised at the local level by potentially all those with a stake in the local common good through the local definition of a common strategy to be implemented by the involved parties. They exist, for example, in Portugal's *Rede Social*, England's *Local Strategic Partnership*, or Italy's *Action Zones* (Polizzi 2008).

The semantics of partnerships *qua* new governance often includes participation and the overcoming of market and state failures in meeting the aspirations of citizens, clients or local residents. A crucial element is that a 'public objective' is pursued (Sørensen and Torfing 2007a); this makes it critical how and by whom the 'public objective' or 'public interest' is defined.

Network governance and the TS share some features: the semantics of democracy in the descriptions of TS as civil society, the acknowledgment of a public purpose and ideas of trust, dialogue and self-organisation at the local level as alternatives to national state hierarchy and global market anarchy.

This thesis aims to understand TS participation in the complexity of governance through local, strategic, multisectoral partnerships. This raises several questions. First, why does the TS emerge in a moment where, as Kramer (2000) notes, boundaries are increasingly blurring? Second, how does it shape and get shaped by the new mechanisms of governance of the public good? Third, what is the place of local multisectoral partnerships in welfare governance? Fourth, what is the place for the TS in governance through partnerships? There has been much work from the perspective of the governor (or the metagovernor) and less from the perspective of the TS as involved in governance. More often it is seen as a passive participant in policy, object of the adoption of policies, in need of being empowered. Our thinking is still shaped by dichotomies such as government-governed despite the more complex descriptions that are emerging in governance. This thesis problematizes these descriptions by studying what actually happens where governance is enacted and, hence, where the distinction between who governs and who is governed is negotiated. My entry point is LSPs, in a country of the liberal-residualist welfare model, where the TS has gained a high profile under the Third Way political project of governance between welfare statism and market liberalism (Giddens 1998).

2. Local Strategic Partnerships and the third sector

Local Strategic Partnerships (LSPs) were first mentioned in a National Strategy for Neighbourhood Renewal to fight social exclusion in the 88 most deprived areas in England. They were described as ‘a single body that brings together at local level the different parts of the public sector as well as private, voluntary and community sectors so that different initiatives and services support rather than contradict each other’ (SEU 2001, 10). LSPs were initially set up to manage the Neighbourhood Renewal Fund (NRF) and they later expanded to non-NRF areas and, after the Local Government Act of 2001, they shared with local government (LG) the responsibility for preparing Community Strategies. The purpose of LSPs was described as articulating area-based policies at neighbourhood level with the policies and bodies at the local authority level, and to organise a 'partnership of partnerships' in order to reduce fragmentation, duplication and inefficiency resulting from the multiplication of partnerships (DTLR 2001). For the most deprived local authorities, forming LSPs was a condition for the receipt of NRF, for others it was a condition for the receipt of smaller pots of money, and in other cases they were considered good practice.[5] In the 2006 Local Government White Paper (DCLG 2006a), LSPs were coupled with Local Area Agreements (LAAs)[6] and, through this, said to gain an implementation role and tighter articulation with national policy priorities (Geddes 2008).

There has been much research interest in this particular policy and in partnerships in England more generally. Shortly after the LSPs were launched, a major medium-term study was initiated to monitor the implementation and inform policy.[7] Other researchers have discussed such issues as LSPs relation to the new modes of governance or participation (Lowndes and Sullivan 2004), to changes in public administration, urban governance (Catney 2009) and new forms of governmentality (Newman 2005a; Taylor 2007). Diverse authors have conducted discourse analysis of the partnership policies (Skelcher et al. 2004; Atkinson 1999), while others undertook institutional analysis (Lowndes and Sullivan 2004). There is a diversity of interpretations concerning the LSPs. For some, it means introducing market logics (Davies 2004; Fuller and Geddes 2008), for others, it means the rise of the idea of community (Cochrane 2004) or providing political opportunity structures for community leaders (Purdue 2001) and, yet for others, it means neo-corporatism

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[5] On the different types of LSPs, see Johnson and Osborne (2003).

[6] LAAs are a new mechanism for the transfer of funding from national government to local authorities.

[7] The *National Evaluation of Local Strategic Partnerships* was jointly commissioned by three research divisions (LRGRU, NRU and RAE) of the Office of the Deputy Prime Minister (ODPM) and the Department for Transport (DfT). The research consortium is led by the LGC and also includes Liverpool John Moores University, The University of the West of England, Bristol University and the Office for Public Management. It comprises a Feasibility Study and Formative Evaluation (March 2002–October 2005) and a Summative Evaluation (2005–2007).

(Lowndes and Sullivan 2004). Some have focused on the TS in partnerships (McLaughlin and Osborne 2003; Bailey, 2005). Some research has identified problems, such as how specific partnerships are not delivering according to standards of local governance (Skelcher et al. 2004) or meeting expectations on democratic legitimacy, capacity and effectiveness (Geddes 2006). In the context of an increasingly reflexive government (Byrne et al. 2009), the knowledge generated about LSPs has been informing policies and partnership practices to correct failures identified in LSPs.

TSOs are present in all the spaces of the partnerships, helping to identify the problems and implement strategies, and to govern the partnerships. An evaluation of the voluntary, community and faith sectors in LSPs acknowledges this participation but also finds different (sub)sectors and different roles under different policy semantics within LSPs (Russel 2005). Policies and projects have also been developed to improve the sector participation in partnerships. For instance, in the NRF-LSPs a specific instrument was created, the Community Empowerment Network, constituted by local organisations[8] and supported through specific funding.

In England, the ‘sector’, which has the preferred designation of voluntary or of voluntary and community sector (or sectors) (VCS), is organised both nationally and locally through diverse networks and umbrella organisations that mediate government’s relations with TSOs and vice-versa. This sector is increasingly acknowledged in policy, for instance, in a Compact between government and the sector signed in 1998 and renewed in 2009, or in establishing an Office for the Third

[8] Described as follows in the evaluation of LSPs: ‘a network of local community and voluntary groups; elects representatives to the Local Strategic Partnership; influences decision making; provides a context for shared learning; provides opportunities for capacity building; enables direct contact with local service providers; encourages more active communities’ (Russel 2005, 22).

Sector (2006) combining voluntary and community organisations (VCOs), social enterprises (SEs) and cooperatives.

International comparative data generated by the *Comparative Nonprofit Sector Project* (Salamon et al. 2004) tells us that the TS in the UK belongs to the cluster of countries where there is a relative balance between activities most typical of the welfare state provision (e.g., health, education, social services) and cultural, advocacy and environmental activities, with the former more prominent than the latter. In this respect, it is closer to France and Germany, but further from countries like Belgium, Ireland or the Netherlands where social services are stronger (Ferreira 2006). Public funding of TSOs is important but lower than in countries where service provision is higher, which shows the close link between welfare services provision and public funding in developed welfare states[9] (Ferreira 2006). The *Voluntary Sector Almanac* (recently renamed the *Civil Society Almanac*[10]) identifies the distribution of the VS income as 38% from individuals, 36% public, 12% internally generated funds, 9% from the voluntary sector (VS), 5% from the private sector (Wilding et al. 2006). In 2006/07, 25% of the organisations had funding relationships with government – a number that is decreasing – and, among these, three-quarters of the funding was received by large organisations. Local government contributed with about 52.4% of the statutory income, 40.4% of which corresponded to contracts and 11.9% to grants. Most of this income derives from earnings from providing public services that were previously provided by the public sector. Those areas where statutory funding

[9] Countries where service provision is very important, but funding is mostly originated in the market, through fees, include the US, Australia and the Southern European countries.

[10] The 2008 Almanac used a broader definition of the sector, as civil society, so looking at higher education, museums, housing associations, co-operatives, trade unions, political parties, social enterprises besides the usual charities (Reichardt et al. 2008). This meant an increase of the universe to be reported of 169,249 general charities in 2004 (Wilding et al. 2006) to 865,000 civil society organisations in 2005/06, and three-quarters of the income being of General charities, co-operatives, universities and housing associations. This definition is closer to that used internationally to define the TS, particularly by the *Comparative Nonprofit Sector Project*.

represents more than 50% of the total income for organisations are employment and training, law and advocacy, education, housing and social services. In recent years there seems to be trends towards an increasing weight of public funding and local government funding, an increased weight of contracts for service provision, and more earned income and growth in organisations' size (Wilding et al. 2006, 7). This is bringing new descriptions, for instance, TSOs may be simultaneously treated as service providers competing with commercial organisations, representatives of users' voices and privileged partners of government. These descriptions overlap at the local level, generating a complex landscape that needs to be described in new ways.

3. The complexity and cultural turns

This thesis is inspired by two turns that resonate with the broad trends in social sciences identified in the Gulbenkian report (Gulbenkian Commission 1996). One is the complexity turn, resulting from boundary crossing between the physical and social sciences. The other is the cultural turn, which results from crossovers between the humanities and social sciences. Both turns reflect the growing rejection of the Newtonian-inspired positivist tradition that has influenced sociology. Regarding complexity, as Castellani and Hafferty (2009) mention, our discipline has pioneered the study of complex systems, although it interrupted this trajectory in the 1970s. And, for the cultural turn, the sociological tradition includes the interpretivist paradigm of methodological individualism, although further contributions from linguistics and literary studies have significantly influenced new ways of describing the social world. The theories adopted below include elements of both in considering the generative capacity of the discourses of complexity.

Complexity implies that a society cannot describe itself from a central point. Luhmann defines it as 'the impossibility of complete observation and representation of phenomena that would require connecting each element with every other element' (Luhmann 1995, 55). For some authors, we face growing complexity, thanks to technology (Castells 1996), globalization (Urry 2003), risk (Beck et al. 1994), functional differentiation (Luhmann 2006) etc. This calls for observing the world with a new paradigm. The complexity turn relativizes claims to universality, linearity and causality and questions the separation between object and subject in knowledge production (Geyer 2003). Among the traces of complexity, Geyer and van der Zouwen say that: 1) 'a system is complex when it is not in a state of either complete order or complete disorder […]'; 2) 'complexity enforces a selective and contingent connection between system's elements, which always could have been different' (2001, 4-5). Mol and Law say: 'there is complexity if things relate but don't add up, if events occur but not within the processes of linear time, and if phenomena share a space but cannot be mapped in terms of a single set of three-dimensional coordinates' (2002, 1).

The overlapping between network governance and complexity thinking may not just derive from the latter's general use in governance studies but also, especially, from the explicit framing of policies and interventions by an ontology of complexity (Andersen and Born 2000, 298).[11] Hypercomplexity is complexity of complexity: 'the result of one observer's description of another observer's description of complexity' (Qvortrup 2002, 6). Luhmann says: 'we term hypercomplex a system that is oriented to its own complexity and seek to grasp it as complexity' (Luhmann 1995, 471; cf. Luhmann 2006). Thus, to see the world as complex is a decision by an observer (Baecker 2002) and this observer can be the scientist, the policy maker, the manager, the activist etc.

[11] For instance, in planning or even in political projects like Gidden's Third Way, which Geyer describes as inspired by complexity thinking (Geyer 2003).

This thesis adopts a realist programme for observing complexity (Geyer 2003). Complexity is real and the real is complex (Byrne 1998), which limits our capacities to know and control it (Sayer 2000). Different entry points and standpoints produce different accounts of the world and, by combining those that are commensurable, we can improve our understanding without ever fully knowing the real world (Jessop 2008a).

Through its attention to meaning, my approach also integrates elements from the cultural turn (Bonnell and Hunt 1999). This 'includes approaches oriented to argumentation, narrativity, rhetoric, hermeneutics, identity, reflexivity, historicity, and discourse, is concerned with the crucial role of semiosis in simplifying meaning in the face of complexity and, indeed, in contributing to the social construction as well as the social construal of the social world' (Jessop 2008a, 236). It results from the awareness of the growing importance of discourse in social life, leading to proposals to interpret current governance as culture governance.[12] As Fairclough says: 'discourses do not just reflect or represent social entities and relations, they construct or "constitute" them' (2004, 3). This thesis acknowledges the generative role of discourse (see Fairclough 2004) in line with the strategic-relational approach (SRA) emphasis on semiosis, i.e., the intersubjective production of meaning (Jessop 2008a).

3.1. The complexity of governance

Governance through partnerships is described as an answer to complexity and is, simultaneously, a complex mechanism. Rescher's typology of different modes of complexity (Rescher 1998, 8-14) – ontological, epistemological and functional – is particularly useful. *Ontologically*, complexity refers to increasing functional differentiation and the increasing number of autonomous systems and organisations (Mayntz 1993; Jessop 1998), increasing scope of state intervention, state

[12] See Bang (2004) and Fairclough on the Third Way (Fairclough 2000).

decentralization and fragmentation, government by private actors (Kenis and Schneider 1991, 35-36), blurring and questioning of borders between institutions, sectors and scales (Jessop 1998). Increase in *epistemological* complexity is indicated in reports of the increasing complexity of problems and the variety of interpretations about these problems and interests involved, complexity created by the solutions to problems, new forms of risk and increasing importance of access to information for the coordination and control of political and social affairs (Kenis and Schneider 1991; Sørensen and Torfing 2007a). *Functionally*, we can mention the multiplication and interconnection of spatial and temporal horizons of action, particularly as the temporalities and scale of the nation-state are no longer dominant due to shifts often subsumed under a broad 'globalisation' or the shift from Keynesian Welfare National States to Schumpeterian Workfare Post-national Regimes, as well as the diagnosis of the failure of coordination through hierarchy or market exchange (Jessop 2002).

Partnerships are described as complex mechanisms providing the complexity necessary to deal with complexity, or requisite variety. The law of requisite variety states that, in order not to be destroyed by environmental complexity, a system must have a regulator with enough complexity to transform environmental complexity into organised complexity (Ashby 1956; Jessop 2003). Regarding *ontological* complexity, we find a larger and more varied number of actors. There are references to borderless and hybrid features of partnerships, to the absence of any specified and stable relationship of subordination. Organisational complexity also occurs as each element can relate to any other element regardless of its place in the hierarchy, although not all elements link to each other. Regarding *epistemological* complexity, these partnerships are marked by high levels of reflexivity and their main coordinating mechanism is dialogue (Jessop 1998) or bargaining (Kenis and Schneider 1991). Rhodes (2000) describes them as continuous forms of interaction between members, based on trust and regulated by rules negotiated and agreed by the actors.[13] Teubner (1996) says that action in the partnership is attributed both to the partnership and to the members.

Functional complexity is related to these partnerships' network-like features. Some authors describe it as heterarchic, with a plurality of co-ordination points, distinguishing it from the hierarchy of the state and market anarchy (Jessop 1998), while others describe it as the coordination of different coordination mechanisms (Kenis and Schneider 1991), leading to constant rearrangements of the network (Benz 1993). Kenis and Schneider (1991, 42) also consider that policy networks may have 'corporatist, pluralist and self-regulatory regions or "provinces"' and Lowndes and Skelcher (1998) find diverse forms of coordination during the life-cycle. Hajer suggests the *nomic* instability of networks with the idea of 'institutional void' or 'institutional ambiguity', where 'there are no clear rules and norms according to which politics is to be conducted and policy measures are to be agreed upon' (2003, 175), as there is no 'constitution' that predetermines where and how legitimate decisions will be taken (2004, 2-3). Another source of complexity is its inter-organisational nature, where one partner's rule systems may clash those of other partners (Benz 1993, 173). Operational complexity in partnerships is also related to the multiplication of spaces and temporalities within the same structure.

Morçol (2005) identifies parallels between network governance and complexity ideas: self-organisation and self-referentiality, centrelessness and emergent properties, simultaneous stability and dynamism (nonlinear dynamics), multiplicity of actors and interactions, fluidity of structures and dynamic perceptions and preferences of actors,

[13] Trust can be seen as a complexity-reduction mechanism (Möllering 2005).

social construction in and of networks, management implying co-governance, steering, co-production, flexibility.

All of this means it is hard to study partnerships. To address this challenge, I draw from general theories developed in systems theory (ST) by Luhmann and on Jessop's SRA. At the heart of this thesis is Luhmann's statement that the task of sociology is to describe the descriptions of society and my analytical strategy is therefore based on observing the observations of the plurality of observers in governance.

3.2. Systems theory and the strategic-relational approach

For Luhmann, 'society is a self-reproducing system, based on one, and only one, highly specific type of operation, namely communication' (1993, 774). Social systems – society, functional systems, organisations, interactions and social movements – are communication systems that self-produce through communications: 'Social systems use communications as their particular mode of autopoietic reproduction. Their elements are communications, which are recursively produced and reproduced by a network of communications and which cannot exist outside such a network' (Luhmann 1986, 174). Chapter 2 explores the features of these different systems and their relations and, for now, I just provide the essential theoretical elements behind the methodological choices.

The operational closure of communication systems is a *sine qua non* for a system to exist as different from an environment and for the possibility of communication with the environment (Clarke and Hansen, 2009).

> Without closure, the system would continually mix up its own operations with those of its environment, conscious states with external states, or words with things. It could not make the (reentering) distinction of self-reference and external reference. It could not even match external and internal states. It could not separate the observer from the observed. It could not produce cognition. What we know from brain research is also true for communication. *The lack of an operational access to the environment is a necessary condition for cognition.* And, therefore, all constructions remain deconstructible by other observers. They can do it – if they can (Luhmann 1993, 774).

The operational closure is called autopoiesis or self-reference. Self-observation of systems – the introduction of the distinction system/environment or 'the operative factor in autopoiesis' (Luhmann 1995, 37) – is difficult to grasp and, therefore, systems engage in simplifying self-description. Self-description is the production, by self-observation, of 'semantic artefacts to which further communication can refer and with which the system's unit is indicated' (Luhmann 1995, 456). Self-descriptions are 'selective choices, incapable of retaining and representing in the system's memory the sum total of what is happening in the system' (Luhmann 2000, 245). They are 'selectively simplified and thus fix themselves contingently within a certain range of other possibilities, but this fixing may influence the system's development' (Luhmann 1995, 457).

As Andersen (2003) remarks, throughout Luhmann's work, discourse enters via semantics. This exists within systems as condensed meaning that can be used repeatedly for communication. It includes concepts, ideas, images and symbols. Luhmann describes semantics as 'the memory of social systems' (Luhmann *apud* Martens 2006, 87) as it preserves forms of meaning, observations and parts of observations for repeated use. They are part of culture, themes available for communication purposes allowing the stabilization of the systems (Luhmann 1995, 163). Like culture, they constitute selections that limit meaning to allow communication. Themes order communicative nexuses that regulate what and who can contribute to the communication, they have a factual content and a temporal aspect (Luhmann 1995, 155-157). The analysis of semantics studies 'how meaning is created and attempted fixated and condensed in the form of new concepts, shifts in the concepts and their relations, including the replacement of the concepts' counter-concepts etc.' (Andersen 2000, 6).

An essential concept below is observation as developed in sociology by authors like Luhmann and Baecker, who took it from the mathematician Spencer-Brown.

Crucial here was the distinction between first and second-order observation developed in second-order cybernetics (von Foerster, 2003; Clarke and Hansen, 2009) and adopted by the later Luhmann (Leydesdorff 2009; Schiltz 2009). Luhmann defines observation as 'the use of a distinction for the purpose of designating the one side (and not the other), however this is achieved – whether by making use of consciousness, or through communication, or through a programmed computer' (1999, 19).[14] For Spencer-Brown (1994), observation is the basic concept from which things, thoughts, actions and communications can be understood. Any observation creates a distinction between what is indicated and what is not indicated (marked and unmarked space). The unmarked space cannot be grasped by the observer because the observer is himself constituted in this observation (self-referentiality or self-observation) – one cannot see what one cannot see, says Luhmann. However, any observation includes both the marked and the unmarked space and this constitutes the form of what is observed (Baecker 1999). This indication or selection is called first-order observation, and second-order observation is the observation of observation. The latter matters because it can overcome self-referentiality since it can observe the form and, therefore, the contingency of selections. Second-order observation may be done by the observing system observing its own observations (through reflexivity) as well as by another system that observes the observations of a given system (Knodt 1994). In any case, second-order observation will always be made from a first-order observation point (Luhmann 1999) with its own blind spots. As Luhmann (1993) notes, second-order observation allows recognition that there are several observers each within its own network, with its own past and future. There is no single observation point from

[14] Andersen (2003) systematizes the three ways of distinguishing that Luhmann identified: object, which implies the distinction between something from something else unspecified; concept, which implies a distinction that also indicates the other side, a counter-concept; and a second-order concept, where the distinction is re-entered in the concept and thereby becomes the basis for self-reflection. The TS can be described as the latter, as I will show in Chapter 2.

where the world can be fully described. Second-order observation implies a re-entry: this happens when the two sides of the distinction enter in one of the sides. To Schiltz (2009), this is a feature of all autopoietic systems because they self-produce via their difference from the environment, so this difference must be produced internally.

Meaning, which is common to social and psychic systems, is the form through which these systems process self-reference and complexity (Luhmann, 1995). It is the unity of the distinction between actual and potential. Andersen explains this difference: 'at the particular moment that something appears central to the thought or to the communication, something is actualised, but this always happens in relation to a horizon of possible actualisations (that is, potentiality)' (Andersen 2003, 73; cf. also Stäheli 2003). This can be reinterpreted with the critical realist distinction between the real and the actual. The real is what exists, 'the realm of objects, their structures and powers' independently of our knowledge of them. These objects have 'capacities to behave in particular ways, and causal liabilities or passive powers' (Sayer 2000, 11). The actual 'is what happens if and when those powers are activated'. This explains the importance of contingency.

> The question that interests the theory of society is, in the first place, why almost all the possible actions and interactions do not take place. Presumably because they remain outside the scheme of all possible motives and rational calculations. How does society accomplish this elimination of the possible? Why is it part of the forms of social life that these immense excess of the possible goes unnoticed as unmarked space? At least we could then consider that the structures of society do not emerge as aggregates of the desired motives of action but much more elementary as inclusion of that exclusion inside the form (Luhmann 2006, 23).

The SRA is helpful in answering this question. It claims that specific structures selectively reinforce specific forms of action, tactics and strategies, and discourage others, i.e., they have structurally inscribed strategic selectivities. On the agency side, the concept of structurally-oriented strategic calculation emphasizes that individual and collective social actors can reflect about structural selectivities and orient their strategies and tactics in the light of the opportunities to advance their interests that they perceive in a specific conjuncture (Jessop 2001). This suggests how observation can be interpreted in strategic-relational terms: we can study how observations are structural selectivities and strategies that allow certain communications and prevent others. The evolutionary moments of variation, selection and retention (Jessop 2008a) can be read as complexity-reduction operations of observations, considering the variety of possible observations, its selection by specific observers and the differential retentive capacity.

This very general framework will provide an entry point closer to the perspectives of the TS insofar as one can study the third sector as a first and a second-order observer within structures and strategies that shape it as observer.

4. Research strategy

Four main ideas guide this thesis. First, as the researcher observes meaning systems, she treats the material and discursive dimensions as co-constitutive of experience and action. Thus, she must identify discourses, practices and material structures that constitute the objects of governance (problems and solutions) as first-order observations, and observe the selections and about observations of other systems' selections in governance as second-order observations.

Second, the research focuses on structural selectivities and strategies as they evolve in particular governance practices to explain variation, selection and retention of observations. Relevant topics include how objects of governance are constituted and the plurality of observers observing governance. Third, it examines complexity, complexity-reduction and contingency. This requires looking at how selections are subject to contestation, self-reflexivity and reorganisation, especially regarding how governance failure and strategies to deal with it contribute to the self-reproduction or autopoiesis of governance. Fourth, it adopts a constructivist epistemology that recognises that any observer is implied in the observation, including the researcher, and that she necessarily selects the observation point for her own research objectives.

> Systems theory takes it for granted that sociologists are always participants in society and that they cannot escape from their own subject matter in order to gain an impartial or unbiased perspective. This means that *sociologists are always participant observers in society*: they are natives in society. Their task is to specify the critical difference that distinguishes sociological observations (Von Daniel and Brosziewski 2007, 256).

The researcher can never penetrate completely the actors' world as they observe it. Andersen describes the self-limiting modesty of the systems-theoretical adoption of second-order cybernetics: for systems theory recognizes that it cannot compare systems observations with reality because systems theory itself entails observation (Andersen 2001). One must abandon the position of the scientific researcher at first-order level of observation who is 'convinced that his own observation is correct and comprehensive. While he attributes the observed observation and its limitations to an observer, he attributes his own observation to reality' (Schwanitz 1995, 156). As already noted, following from critical realism, this does not mean abandoning attempts at scientific knowledge but it does privilege modest understanding over the search for total knowledge of the real.

4.1. Methodology

I employ an ethnographic case study to study complex processes because this method allows flexibility, adaptation and the possibility of grasping the elements and interrelations that define a complex situation without forcing complexity-reduction by choosing from the outset a limited set of elements and interrelations. My approach moves between theory and ethnography using each to inform the other in a spiral form of inquiry.

A qualitative comparative analysis of partnerships in England (Local Strategic Partnership) and Portugal (*Rede Social*) was initially considered because they have different welfare and TS contexts and similar types of partnership. This study would have explored how these partnerships were implemented at different local contexts nested in different types of welfare state. The cases were selected under two equally weighted criteria: first, the relatively similar socio-economic and demographic features of the two territories and, second, a convenience reason, the relatively easier access to information and informants and more manageable financial costs of carrying on a doctoral research. Although some empirical material was collected for the Portuguese case, this study was suspended because, as the research developed into relatively unexpected fieldwork findings and necessary adaptations (see below), the iterative return to theory would have needed more in-depth immersion in the field than was practicable. I therefore decided to undertake my ethnography in the less familiar context of England and to keep the Portuguese case in mind during the fieldwork. Indeed, it was sometimes mentioned productively in conversations with participants. Therefore, while the case study became a single case that was more theoretically and ethnographically informed, the original comparative purpose influenced not only the fieldwork and the overall design of the thesis but also later research possibilities. Ethnography means 'participating overtly or covertly, in people's daily lives for an extended period of time, watching what happens, listening to what is said, asking questions – in fact, collecting whatever data are available to throw light on the issues that are the focus of the research' (Hammersley and Atkinson 1995).

There are many case studies that rely on quantitative analysis (Cf. Byrne and Ragin 2009) and between the two poles of nomothetic and idiographic positions there is much variation. Qualitative case studies, particularly those that are ethnographically informed, are better at understanding aspects that cannot be grasped by large scale quantitative studies. In many aspects this thesis shares some core ideas of the extended case method proposed by Burawoy, namely in distancing itself from a positivist approach adhering to a 'reflexive model of science' where one participates in the world we study while keeping 'steady by rooting ourselves in theory that guides our dialogue with participants' (1998, 5). These extensions are: 1) from observer to participant (intervention); 2) observations over time and space (process); 3) from processes to force (structuration); 4) extension of theory. However, as Burawoy argues, theory is present in all the extensions, in all the moments of the case study.

There are also several ways to pursue the relationship between ethnography and theory, from hermeneutic to nomothetic, from more to less theoretically informed, from pragmatic to critical purposes, and so on. Among the five types identified by Eckstein (2000) this case is closer to the heuristic case study that aims to develop theory, to 'stimulate the imagination towards discerning important general problems and possible theoretical solutions' (2000, 137). This type of case study uses material less in terms of the description of the configuration of the case and more in terms of the search for generalizable theories. However differently from the heuristic case study, the present study starts with a general theory and approach that seeks to expand to new areas. Therefore it also shares traits with the more nomothetically oriented disciplined-configurative study because its interpretations are derived from existing theories[15]. Thus, through a heuristic approach that uses systems theory and the strategic-relational approach to develop a theoretically informed understanding of the case, the general aim of this thesis is to understand how third sector self-descriptions change in the context of the changing self-description of the political system as a

[15] The other types are the configurative-idiographic study, more interpretativist, plausibility probes that are used as test for existing theoretical formulations and crucial case studies which are used for refutation of existing theories.

governance system. This suggests some ideas to be explored in the particular case: 1) TSOs are observers of systems' observations and play a role in communicating the contingency of selections (unmarked side) operated by systems. 2) Partnerships are a space for mutual observation able to increase system's requisite variety to deal with complexity. 3) Partnerships are a means through which TS variety can be steered for increasing variety in governance observations. 4) Partnerships and the TS are embedded in particular complex socio-spatial contexts that shape structural selectivities and strategies for the constitution of particular observations.

Snow et al. (2003) identify three possible paths of theoretical development within ethnography: (1) theoretical discovery, aiming to generate concepts and theories in the manner of grounded theory; (2) theoretical extension, applying established theories and concepts to new objects; and (3) theoretical refinement that modifies existing theories through new case material. This thesis uses both theoretical extension and theoretical refinement. While the general theoretical framework presented above helps to shape the analytical strategy, substantive theories on governance, participation and democracy, LSPs and the TS are introduced, particularly in each chapter, to interpret the data and, indeed, to be observed at a second-order level insofar as they contribute to the existing observations related to my research object and feed the self-reflexivity of the actors in governance. Therefore, at this level, I am using and broadening the concept of reflection-theories. Luhmann (1990a) identifies two types of theories, the scientific, which takes place in the scientific system, and reflection-theories, which are theories built within the functional systems for self-observation and need not follow scientific criteria. However, noting the history of the social sciences, I reject this sharp distinction and argue that many scientific disciplines are also based on the system/environment distinction that produces systems. So, in line with the Gulbenkian report, it is useful to observe the role of scientific disciplines in constituting the self-descriptions of different systems just as these self-descriptions encourage the production of different disciplines specialized in their observation (Gulbenkian Commission 1996).

How far to generalise

Whereas comparative case-studies may be designed in several ways in order to reach generalisation (particularly those nomothetically grounded), the single case study cannot and does not aim at generalisation in the fashion of nomothetic approaches searching for law-like generalisations. It aims to understand how certain processes occur at deeper levels than can be penetrated by the instruments used to provide generalizations. Unlike these instruments, it aims to explore complex processes to provide insights that can then be used in comparative research. Therefore, it aims at transferability, which can help understand how other cases differ contextually and temporally (cf. Schofield 2000). Goetz and Le Compte propose comparability and translatability as two forms of generalisation typical of ethnographic case studies:

> Comparability requires that the ethnographer delineate the characteristics of the group studied or constructs generated so clearly that they can serve as a basis for comparison with other like and unlike groups […]. Translatability assumes that research methods, analytic categories, and characteristics of phenomena and groups are identified so explicitly that comparisons can be conducted confidently (1982, 34).

Thus, the study describes what happens where governance is implemented in a specific context that may share features with other cases or where the processes concerned can resonate with others in other contexts. Other analytical techniques also help to specify the general context where events are located when one wants to generalise from a single case (Mitchell 2006, 25). In addition, because this is a theoretically informed case study, there is potential for modest theoretical generalisation to relevant cases. The adequacy of complex systems theory and the self-description of societies and governance in conditions of hypercomplexity must also be tested in specific national configurations. Finally, the theoretical synthesis proposed here can be generalised to analyze the third sector and its governance in other places and at other scales.

Policy-makers and practitioners have shown growing interest in a better understanding of complex problems than quantitative generalisations can provide (Byrne et al. 2009). Donmoyer also says that ‘case study research might be used to expand and enrich the repertoire of social constructions available to practitioners and others; it may help, in other words, in the forming of questions rather than in the finding of answers’ (2000, 52). Finally, the analytical perspective can provide actors with tools to critique the status quo, to cultivate reflexivity, and develop requisite variety in capacities to respond to new challenges (Jessop 2003).

Typicality

One important issue in the theoretically informed ethnographic single case study is the representativeness of the chosen case. Authors diverge on how much the case should resemble the set to which generalisation is to be made. Those preferring a typical case see this as enhancing transferability (Schofield 2000). Others (Burawoy 1998) prefer the atypical case to test theory in the Popperian way. Mitchel (2006) argues that theoretically-oriented case studies should choose cases in terms of explanatory power rather than typicality, although he also prefers those cases that are atypical, i.e., those where events may contradict the theoretical principles.

But what is typical or atypical in the case of local network governance? Unlike other policies, network meta-governance relies substantially on local self-organisation and allegedly resists national state top-down command. In fact, what is surprising is that throughout the country we can find striking similarities in structures and forms of organisation of LSPs and in the TS. Therefore one can identify, from existing studies, what features the local case shares with others, albeit at a high level of generality. At a deeper level, however, my fieldwork discloses certain atypical features. This is related to the difference between implicit theory of local governance policies and the actual implementation of governance. How far this is reproduced in other localities would need to be tested comparatively.

4.2. Casing

According to Ragin's typology (1992a), this case study is (a) an '*object*' because it involves an empirical unity that is structured ontologically by a set of boundaries that are constituted outside of researcher's study, i.e., the LSP and the TS are delimited by the territorial boundaries of a district local authority (LA); and (b) *exemplary* because it focuses on an example of LSPs existing throughout England and a type of partnership that exists elsewhere. However, from a second-order observation standpoint, 'casing' is also a research operation (Ragin 1992b) and the unities that are constituted by defining boundaries are also contingent observations. So, the case is reconstructed at a first-order level through a network epistemology that follows the networks of observers in governance. Inspired by multi-sited ethnography, it follows people, objects, metaphors, plots, stories, conflicts and biography, exploiting the capacity of ethnography to 'strategically locate itself at critical points of intersection, directly examine the negotiation of interconnected social actors across multiple scales' (Ó Riain 2009, 299; cf. also Nadai and Maeder 2009). At a second-order level, then, it observes how actors are constituted and constitute boundaries as part of the governance process as well as the contingency and changes of these boundaries.

The same holds for time, which, for the duration of the fieldwork (from November 2006 to November 2007), isolates the real in a given time frame that is contingent relative to ongoing processes. However, the duration of the research did allow me to monitor the development of certain processes, particularly as I was located where several restructurings, reviews and reforms were happening. Due to the need to stop observing, this decision coincided with the end of some reforms and review processes. Contacts in the field were maintained to check the validity of interpretations in the face of new events. Time is also observed at a second-order level as part of relevant structures and as part of strategies of displacing decisions, abridging processes or juggling with synchronisation and desynchronisation.

Therefore, from the entry point that was chosen to handle empirical complexity (Jessop 2008a), empirical extensions (Ó Riain 2009) occurred in space and time. The latter included historical analysis of the constitution of observers and how the system's memory accessed the more permanent processes and semantics (von Daniel and Brosziewski 2007). In turn, I accessed the personal and institutional memories to refine my research. However, a second-order observation of time must also recognize that the past is always seen from the present, which means that what gets retained are the elements and relations with present meaning. Therefore, I selected from the past what was meaningful in the present. The extension in space happens locally, as actors and issues are followed in the networks of governance, and nationally, through policy analysis in order to account for the local impact of multiple policy streams. Again, the entry point of the case study shapes the study. Because the analysis of policy starts from the concrete-complex, I could examine the local complexity created by the multiple descriptions in the political system.

4.3. The case

The studied LSP was established in 2002 and its strategic document for the quality of life of the local residents, called Community Strategy (CS), was completed in 2003, with a time horizon of 20 years. It operates at the district level, which matches the dominant trend in LSPs throughout the country. While it is outside the Neighbourhood Renewal Fund, it was established to access a small fund for neighbourhood renewal. The reason for this is that the LA under study does not qualify for NRF but does have severe pockets of deprivation at neighbourhood level that qualify for regeneration funding.

Like most LSPs in the country, it has no formal legal status. In addition, it developed an executive or board (like 83% of LSPs) that was chaired by a local authority councillor (like 63% of LSPs). It established issue or thematic groups, called Building Blocks (as 73% of the LSPs), subgroups (66% of sub-partnerships in LSPs), technical working groups/task subgroups (as 44% of the LSPs) and a wider forum (as 56% of the LSPs). Like many other LSPs, it did not develop area/neighbourhood forums (only 36% did) (DT/ODPM 2005, 23). The thematic structure follows the national trend, with issues like crime, the economy and employment, education and training, health inequalities and public health, and substance abuse. Unlike the national trend, it developed groups around issues of environmental sustainability and minorities.

Like a few other LSPs, it was set up in a two-tier local authority, i.e., governance over the local territory is shared by two local authorities at the district and county levels. The district LA is responsible for local planning and development, council housing and housing provision, environmental health and safety, economic development and tourism, parks and leisure facilities, as well as neighbourhood renewal. The county council is responsible for primary and secondary education, libraries, museums, highways and social services. Furthermore, as in unitary LAs, there are other authorities, like health, fire and police, plus agencies of national public administration. There is disagreement concerning the effects of the two-tier LG structures on LSPs. A Consultation paper on LSPs states that there is no clear indication that these add complexity to the already complex governance arrangements (ODPM 2005a, 25). Evaluation on two-tiered LSPs suggested that LSPs were modelled on unitary authorities and there is 'overlapping engagement and simultaneous action' (Action Learning Set 2005, 12). Findings from the evaluation of LSPs conclude that there is variation concerning how well LSPs work in two-tier areas (Geddes et al., 2007).

Membership of the LSP is open to all organisations provided that they are based or provide services to the people in the district and agree to be bound by the Protocol of the LSP. TSOs participate in the LSP in two ways, through the Centre for Voluntary Services (CVS), which represents the sector in the district, and through individual organisations representing expertise or service provision.

The TS in the district is similar to the TS nationally, with fewer larger organisations than other parts of the country. The database of the Charity Commission confirms this pattern of a few large charities and many small ones. Here it was possible to identify 145 active charities (excluding primary schools and schools-related charities as well as religious charities) based in the area covered by the district.[16] There are branches of very large national charities, some with charity shops, others with services, such as the Red Cross, the National Society for the Prevention of Cruelty to Children, or in the area of conservation and environment. There are also many local branches of national organisations focused on specific diseases, as well as nationally-based housing associations or association supporting people with special needs, such as people with disabilities, former military personnel, ex-prisoners. Organisations providing services

[16] Data collected in the Charity Commission's Register of Charities database. Research updated in February 2009. A study based on the Charity Register for 2004 identified around 350 charities in the district, many in education. The organisations I studied draw from the directory of the local CVS, being closer to the number and type of TSOs counted by this organisation: 219 TSOs registered in the CVS, 106 being registered charities (2009). Excluded from my calculation are also charities based elsewhere as the accounts reflect the full activity of the charity.

are larger than those providing support and counselling (the budgets of these national organisations range from £10 million to £300 million).

There is only one locally-based organisation whose size and ambit is comparable to those big national charities, with a budget of £4 million and national operations. The other large organisations tend to operate at sub-regional level, often with activities in one or two counties. Regarding income, there are four charities with budgets above £1 million, 13 charities between £250k and £1 million operating at sub-regional level, 18 charities between £100-250k, and 112 below this threshold.

Table 1 – Local Charities, per activity and income

	£4.000.000-£250.000	£250.000-£100.000	£100.000-£25.000	£25.000-£10.000	£10.000-0	All
advocacy	2		1			3
armed forces					2	2
arts	3	3		5	3	14
children/youth	1	1	7	9	5	23
community centre/association		2	7	8	6	23
community development	2	1			1	4
conservation	1		2	2	5	10
disabilities	1		1		2	4
elderly			2	1		3
family		1	1		1	3
grant trusts		1	3	3	9	16
health	4	1	1		6	12
housing	1	2	1	1	2	7
learning difficulties				2	1	3
minorities/equality		2			3	5
overseas		1			1	2
recreation					4	4
sports			1		1	2
support organisations		3				3
training	1					1
transport	1		1	1		3
Total	17	18	28	32	52	147

Source: calculated from Register of Charities

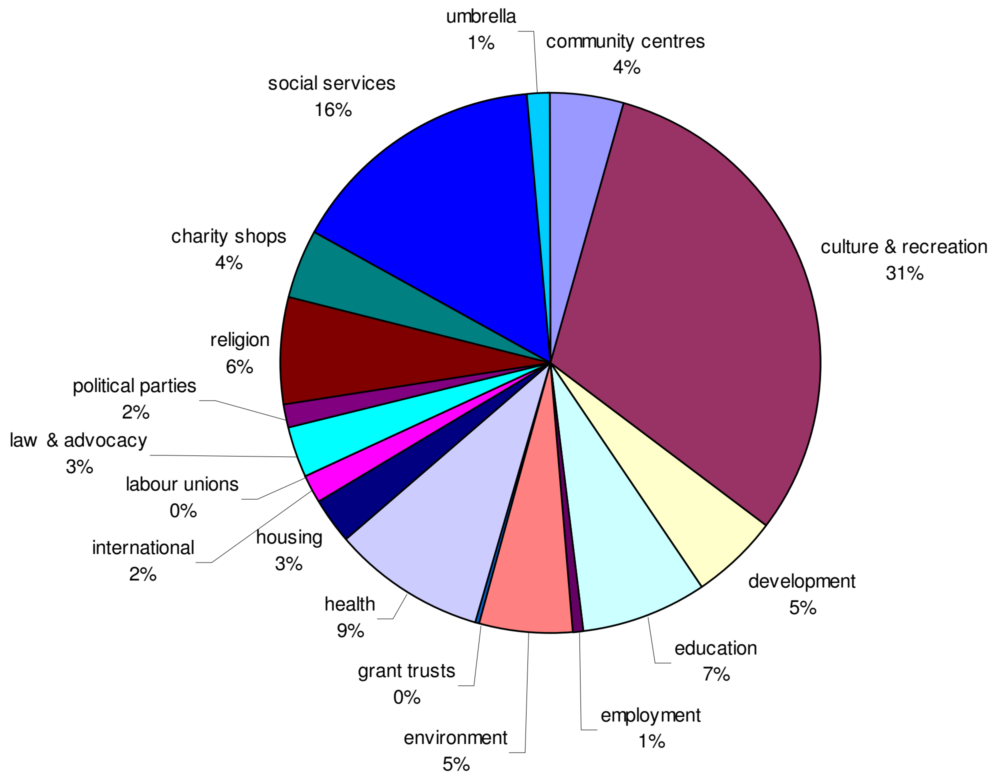
The charities above the threshold of £250k operate in health and arts, training, regeneration, housing, disabilities, youth, advice and advocacy. At least two organisations operate in regeneration areas and one contributes to reducing isolation in rural areas. The third group, from £100-250k, includes predominantly local organisations. They operate in arts, support to the TS, minorities, large community centres, social services for children, mental health, carers, homeless and housing problems. In the £25-100k threshold we find several community centres, education and children services, some youth clubs, grant making trusts and a few charities supporting the elderly, people with disabilities and promoting health. The threshold of £25k marks the capacity of organisations to employ one full-time worker. Under this threshold, charitable activities depend less on employees because of the particular activities or because volunteers provide the services. In fact, here are many community centres/village halls, and also many organisations promoting amateur arts and sports, scouts and other children and youth groups, self-help and volunteer support groups as well as many small grant trusts. These trusts are an important source of income for organisations in this same group. The organisations that are more strongly involved in the LSP are more often charities with a budget above £100,000.

Apart from a directory of organisations produced by the CVS, there is no formal register of all TSOs in the area and it is virtually impossible to identify all the unregistered organisations. Worse yet, there are organisations with several projects and branches and, as already seen, while some are local, others are branches or projects of national or regional organisations. We are dealing with the ‘loose and baggy monster’ described by Kendall and Knapp (1995), still not domesticated by statistics.

From a study coordinated by CVS, one can have an idea of the distribution of TSOs according to purpose in 2005.[17]

[17] This study identified around 530 TSOs in the district, but I could identify another 130 missing from the directory. When it comes to very small TSOs or education TSOs (schools, school funds) much remains outside these numbers as they are of the networks of TSOs.

Figure 1 – TSOs locally based or in operation, per activity[18]



Representing this diversity is the Centre for Voluntary Services, which, as in many other municipalities, simultaneously provides the idea of a unity of a VCS, provides support to individual organisations and represents the sector.

4.4. The research process

The research was conducted mostly in public settings of governance. Data collection focused on self-descriptions, causal attributions of action, reflexivity and reflexions provided in interviews, in public intrasectoral and multisectoral interactions, and in documents produced internally or for a broader audience. The empirical research was recursive, as I followed what was described as the most important issues, events, policies, documents and actors by the different participants.

[18] In order to reduce the number of categories, the classification is proposed by me, inspired by the international classifications, plus charity shops and community centres.

Document collection and analysis occurred both in preparing the fieldwork and during the research. For instance, documents were the empirical base for extending the research backwards (history) and outwards and upwards (to include the national level). They included policy documents by government and national TS umbrellas, local policy documents and various types of documents prepared by organisations (minutes, preparatory documents and reports, leaflets, websites, local media). Such documents would also appear to observation in meetings and would be mentioned by participants in interviews. They would help define who can enrol in discussion and what meanings and observations are selected and retained. They could also be forgotten, ignored, recovered or revised (e.g., the Compact, the Community Strategy). They were active players in governance.

I attended thirty three meetings and events, including VCS and LSP meetings (mainly locally), as well as other meetings on topics related to the research, like LA meetings or meetings at other scales. This became the most important source of access to the local systems for the themes, debates, meanings and local actors. They not only provided information but also access to key participants. Attendance at meetings, conferences, etc. also allowed me to collect information about local organisations and provided opportunities for informal conversations with the participants. This data was collected as observational fieldnotes during the events, or written down as soon as possible afterwards.

Due to the network governance emphasis on dialogue or negotiation, meetings are a central element of governance, so that ‘sitting at the table’ is frequently used among participants to describe membership in partnerships. Meetings are, in Luhmann’s terminology, one type of social system, interaction system. These are based on co-presence; and their autopoiesis depends on the mutual perception of people responding to each other in real time. They help to solve the problem of double contingency[19] and facilitate couplings between social communication and psychic processes as participants are supposed to be able to understand and be understood. The autopoiesis of interaction systems occurs through the code present/absent. Thus, being present implies participating in the operations of communication: information-utterance-understanding and, therefore, whoever is present, even if not speaking, is understanding (Luhmann 2006, 646). This is, for instance, the condition for the idea that meetings are a space where consensus can be reached and a strong reason for the use of decision meetings by partnerships. Meeting decisions are a coupling mechanism between the interaction system and the organisation that facilitates reduction of complexity.

I conducted 41 interviews with persons in the TS and the LSP as well as with others with information relevant for the case study. I chose to interview the organisations' spokespersons, often organisations' managers, coordinators of the partnership groups or project coordinators. They are generally the persons who can communicate the organisation, group or project and provide the official self-descriptions. They were also the persons attending meetings and events. Many had more than one role and were interviewed both as managers of TSOs and members of the LSP or BBs – in this sense, they were speaking on behalf of, or in relation to, their organisations and the partnerships to which they belonged (Teubner 1996). I followed these reflexive informants because it 'enables us to deal with the multiple and intersecting levels of complex systems because people deal with all those levels as agents and can reflect on, and talk about, those dealings' (Uprichard and Byrne 2006, 667).

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[19] This problem was identified by Parsons and concerns the possibility of coordinating social action. It is the problem of two persons, as interdependent autopoietic systems, depending on each other for the next move. Luhmann finds the solution in the constitution of social systems themselves and the simultaneous non-necessity and non-impossibility of meaning (Luhmann 1995).

A snowball technique was initially used to select interviewees. As research progressed, participation in meetings allowed further selection in light of what I could observe regarding the position of particular TSOs in the issues under investigation. Most TSOs interviewed are larger organisations above the threshold of £100,000, locally-based and most frequently participating in the TS local networks. However, a few smaller organisations, more marginalised, were also interviewed, but, as the focus is the participation in governance in the district and its extensions to the county, the research centred on those circulating among these networks.

Most interviews involved questions developed around a prepared list of topics, but there were also some unstructured moments where interviewees could raise their own themes, especially as they knew the purposes of my research. This allowed me to introduce material and questions that were not initially anticipated. Over time, interviews became less structured and more dialogic and sometimes with the dynamics shaped by the interviewees. They also varied in terms of topics as they were individualized in light of the specific position of the interviewees and their organisations or the specific events. Policies, governmental documents, and local events were sometimes discussed with the interviewees as they were also dealing with their meaning and consequences.

As research progressed, it gained the features of ethnographic interviewing, which occurs in the context of a relationship established through the researcher's presence in the field. Interviews become more interactive as the interviewee develops her/his understandings and the interviewer can exchange views about events and thereby test her interpretations of events. Some feedback of the interviewees confirmed that they appreciated the opportunity to engage in processes of self-reflexivity and reflection. While the interviews were digitally recorded, impressions of the informal conversations were registered in the field journal afterwards. My involvement in the field can be described as an 'observer as participant' (Hammersley and Atkinson 1995), that is, taking the role of participant like others in meetings but leaving it clear that I was doing it for research objectives.

I presented myself in the fieldwork as a Portuguese PhD student interested in comparing partnerships and third sector participation in partnerships in England and Portugal. This shaped how participants saw me and the type of access they were willing to allow. My identity as a foreigner had two important impacts. Initially, it made access to meanings harder as I was unaware of the latent cultural codes both for the interaction with the actors in the field and the interpretation of interactions between the actors. For instance, it took me some time to perceive some forms of conflict and disagreement, particularly in the context of meetings. The second impact was positive, as informants were willing to explain what would otherwise be implicit information. This also brought the relationship to a more levelled terrain as I was more often the pupil to be taught about partnerships and the TS in England.

From my previous work I was familiar with issues concerning the relationship between the TS and the welfare state at the national level. This also informed my interest in studying this relationship at a local level in the context of a rescaling of the governance of social policies from the national to the local both in Portugal and in England. During conversations I often mentioned the TS and partnerships in Portugal as a counterexample, which allowed me to continue some lines of questioning in the interviews (Vogt 2002) and introduce some issues I could not explicitly refer to with local information.

During the fieldwork, because I was present in many sites and talking to many people, I made clear the commitment of maintaining confidentiality on the information that was provided, that would be used only for the purposes of the PhD. Therefore, exchange of information with participants excluded this kind of information. Besides, I also tried to avoid being seen either as an ‘expert’ or as a ‘critic’. In the former case, where I had to ‘say something’ in the meetings or events, I would offer general interpretations, in the latter, I avoided critical comment. This was also pursued in the writing of the thesis namely in keeping confidentiality about the place and participants, and assuming that I am just one among the diversity of observers.

Entering, staying and leaving

In preparation for the fieldwork, some exploratory interviews to privileged informers both in academia and the field were conducted concerning general issues of community development work in the UK, youth work and local social enterprises. An interview with a TS manager also provided information regarding the main debates undergoing the TS in the UK and a range of relevant governmental documents. I also consulted local sites, particularly the council’s website and the pages on the LSP, as well as the CVS website and individual TSOs websites. These sites, as well as national governmental and TS websites were consulted both before and during the fieldwork.

Negotiating access does not just happen at the beginning of the research – although this moment is crucial (Hammersley and Atkinson 1995). Access depends on the relations established, the capacity to gain and maintain trust and participants’ rapport. Entry required negotiation and was time-consuming, for instance, to reach the gatekeepers and win their support for access. Thereafter, with some exceptions, access became easier as participants increasingly saw me as one more in the plurality of actors in the networks. In fact, participants became curious about my presence and my data so that by the end of the fieldwork they wanted to tell me cases and be interviewed.

When negotiating access to the LSP, I encountered gatekeepers' barriers. Gradually, I realised that these barriers were not only related in part to their reluctance to let me in but, more crucially, to the fact that they controlled only small parts of this network. I was dealing with properties of complex systems. However, this was also positive in that I could negotiate the entry with other gatekeepers. In the beginning of my fieldwork (September, 2006), I emailed the LSP chair to present myself and request an interview to get information about the LSP and the BBs and the TS involvement in the LSP, as well as access to the Executive meetings. My inquiry was forwarded to a council senior officer with whom I had an interview a month later. The interview provided crucial information both on the local LSP and the national policies and challenges. However, information on contacts of the BBs chairs, some BBs meetings minutes and the list of LSP members was not sent despite insistence. I obtained the BBs' chairs contacts through other source and finally initiated these contacts in December. By email, I requested an interview to know about BBs' topics, membership, activities and history and to be invited to attend one BB meeting. I received different feedback from different BBs, which was a sign of the LSP internal heterogeneity. Two BBs replied quickly, noticeably both chaired by TSOs. Other BBs required a change of strategy after unsuccessful insistence.

A critical moment happened when a new coordinator of the LSP came to post. In January 2007 I met this coordinator in a meeting and introduced myself, requesting an interview as well as the possibility to attend LSP executive meetings. The answer was that, being new in post, the interview could only take place in April/May. This left me unable to access the LSP executive and management but not only that – access to some BBs also seemed blocked as one of them was sending my contact requests to the LSP coordinator. Later, at a TS meeting, I heard from the LSP coordinator that the LSP was going to be restructured. I did another attempt sending the coordinator an email expressing my concerns about the inability to have information on the LSP and explaining that I was interested in the restructuring process. In March I was finally successful in obtaining an interview, an invitation to attend an Executive meeting and the possibility to follow the restructuring process. These moments gave me crucial access to information on the LSP, knowledge about the way it operated, identification of the policy issues the LSP was dealing with, insights on the relationship between different actors both inside the LSP and with the LSP (namely in the context of the meetings) and between the LSP and other bodies. Attending the Executive meeting unblocked the access to two public sector coordinated BBs: health and children. I also met the representative of the economy, which at the time had no BB in the LSP, as well as the representatives of community and of parishes. Interviews with these fed my observations to the plurality of observations within the LSP. I kept a closer relationship with the health BB and attended several meetings since it was developing work on observing the district and the LSP from the perspective of public health and social exclusion (social exclusion not formally a theme of the LSP). I met a sub-group (June and July), TS-led, aspiring to becoming a BB on the basis that old people should not only be observed from the perspective of health and care but also, for instance, from employment and volunteering. The paradoxical nature of the LSP also became evident for being simultaneously a complexity reduction mechanism and self-describing as an observer of the local district and of the aspirations of the local people.

Another important event was an away day in the context of a peer review exercise, which allowed me to confirm interpretations I have drawn from observations and to compare with interview data confirming the capacity of the semantics of partnership in shaping expectations and observations of failure. I attended the Executive meeting where the review processes were discussed, this time showing up in the meeting and asking permission to the chair – whom I had interviewed in the meanwhile – to attend it as I could not risk not to attend it to follow that phase of the process to its conclusion. My observation of the LSP finished with the end of these processes, namely after attending a consultation with the TS on the new Community Strategy.

The negotiation to enter the local third sector was easier, although, when it came to contact with individual TSOs, it was also visibly facilitated by my presence in meetings. The CVS was chosen as the entry point for the role of the TS in governance given its intermediary role. In September, I went to its offices and introduced myself asking the contact of the best person to speak to. I was given the contact of a development officer and informed of a major TS conference she was organising. After contact, she invited me to the event and we arranged to meet there (November, 2006). This was the launch meeting of the VCFS Forum – a place for all TSOs in the district to meet. The meeting was my entry into the field. It provided me with information concerning issues and structures to the participation of the TS in governance. Its theme on giving the TS a voice was directly connected to my research interests. The presentations by public and TS officers and the LSP chair related to some of my main general thematic interests and to new themes I followed later. My participation on a workshop with TSOs on their expectations on the Forum allowed me to identify issues and tensions regarding the involvement of the TS in local governance. I also introduced myself to some persons – and others introduced themselves to me – during coffee breaks and had informal conversations both around my curiosity on the work of TSOs and my interlocutors' curiosity about the TS in Portugal.

I realised that, although we could relate national and local semantics, I needed to understand what the local TS and local relations were by looking into systems memory. This was difficult because of the pace of change. As a strategy to access this local memory, I consulted all the CVS annual reports available (since 1972) noting its activities, relations and impacts of national policies and local governance (December-January).

The meeting I had with the development worker of the CVS took place later in November at the CVS and included another development worker who was new in post. This person's role was to coordinate a project on TS capacity building for involvement in local governance, funded by the LSP. In this meeting we realized that the information I expected the CVS to provide was the same as the project was supposed to find. So, we agreed to cooperate, thus deepening the ethnographic character of the research. I was given the opportunity to participate in activities of this project, namely attending regular meetings of a TS group discussing, among other things, TS representation in the LSP. Participating in these meetings (January, February, April, June, 2007) allowed me to see how the TS observes itself and observes the LSP in order to establish couplings.

In the context of the meetings and in observing the activities of the project, I had informal conversations with participants and often discussed events with the coordinator of the project. We exchanged some information I collated from public records and we discussed my interpretations of the fieldwork. I also helped to organise one of the VCFS Forum meetings, for instance, providing information on a speaker on community issues, and volunteering to help in the coffee breaks.

Observations in meetings and some interviews were crucial in guiding the research into certain topics of interest of the local TS and providing access to another site: a county-level Consortium of the TS. Another example was an interview with a CEO of a local TSO, who finally told me where I could find the local Compact, flagged in national policy as a pact establishing the basis of the relationship between government and TS in governance. I was lucky to hear that it was under review on a council group set up to discuss the review of the funding relationships between the council and the TS (more reviews), which I then also followed. My immersion in the field ended in November 2007, namely with the end of some processes in the TS such as, for instance, the group work on TS representation and CS consultation. I did two last interviews and attended two AGMs that I used both to discuss my interpretations with some persons and to explore issues perceived as important in the meanwhile.

Studying and describing complexity

The fieldwork process led me to consider that a complexity theoretical framework would have explanatory capacity for the events and relations I was observing and for the self-descriptions that many actors in the field indicated. The following quote is a description of a photo, from a presentation I attended in a TS event, of the back of a machine with many different wires, some connected and others not.

> When I first considered that slide, I thought to myself 'you can call it government, you can call it VCS'. Government is just a complicated set of wires from one place to another. Sometimes when you get there you find it is a wasted journey. What struck me then, because I spent a lot of time in London, was this all notion. It is a real life experience. I'm always having to catch trains […]. I learned that there is a way and means to cutting down the time to actually getting there, is to know what carriage to get out. What we need at local level, national level, regional level, at national level they are kind of getting there, regionally, kind of… and I say kind of because regional does not have as many resources as nationally. I know national organisations who can take me through central policy, we've got NCVO, we've got NAVCA, we've got BASSAC. There are numerous organisations which unravel to some degree the wire scenario. When I come down to local level this is not the case. There are one or two people who can tell you so much about those lines, so in the Victoria Line they may be able to say about the stations from the Victoria to Cannon Street. There may be people able to say about the lines from Westminster through Paddington Circle Line, but not every one of them or how they all interconnect (TSO, manager).

The research was fundamentally shaped by this complexity met at the local level. The following table synthesizes the research strategy developed in face of the complexity of the research object.

Table 2 – Research strategy for observing complexity

Modes of complexity	Complexity in the object	Research strategy
Ontological: a) compositional: a.1) constitutional: number of elements a.2) taxonomic: variety of elements b) structural: relationships between elements b.1) organisational b.2) hierarchical	a) Multiple and varied elements including the partnership and the TS networks, organisations, persons within these networks, meetings and projects. b) Variety of self-descriptions and semantics of partnership and of TS c) All elements involved in the networks participate in equal standing and weak or no subordination between units and subunits within networks d) Different scales and territorialities intersecting and overlapping in networks e) Double attribution of action (Teubner 1996): action of network and action of members f) Blurred boundaries inside/outside.	a) Observed multiple and varied observers as autonomous meaning systems producing strategic and contingently necessary governance observations as discourses, semantics, organisations, projects and texts. b) Selection of several points of entry. c) Followed the structural couplings within and between observed units, TSO and partnerships as coupling mechanisms d) Focused boundary spanners (persons, groups, organisations and themes) e) Observed multiple scales, territories and places f) Became member in meetings.
Epistemic: a) descriptive, 'number of distinct factors that need to be specified' for a complete description of a system b) generative, quantity and variety of instructions needed to produce a system c) computational: time and effort needed in problem solving	a) Lack of one point from which it is possible to observe and command everything b) Variety of interpretations and places for mutual observation c) Semantics of dialogue and emphasis on meetings, peer review exercises, reflexivity and learning d) Increasing necessity of expert knowledge and other forms of knowledge e) large number of written documents to inform decisions f) strategies of ignorance (Medd 2002) and romantic irony (Jessop 2003)	a) Observed many points in networks and local governance and followed causality attributions b) Observation of mutual observations, in meetings, descriptions, expert documents, peer review exercises c) Privileged self-descriptions in public and in negotiations d) Observed first and second-order observations of participants and tested with intervenients my interpretations e) Observed blind spots f) follow local selections for having more capacity to be retained g) tested my interpretation with participants
Functional a) operational: temporality of the system and the degrees of freedom produced by system operations b) nomic: systems law structure and the possibility to predict and explain it	a) permanent change at the level of national policy and local networks and organisations b) overlapping of different temporalities and temporalisation of decisions c) observations of change as the normal state of affairs d) loss of memory and increased contingency (degrees of freedom), loss of retention capacity e) self-organising features: rules should be produced in context and in negotiation f) LSP and TS network work substantially absorbed by second-order rulemaking g) constant rearrangements due to mutual observations of different coordination mechanisms in the LSP h) institutional ambiguity (Hajer, 2003, 2004)	a) need to maintain attention to several processes simultaneously b) access to privileged points of observation where latent elements of self-descriptions become evident as they are affected by change or have to be renegotiated c) attention to diverse temporalities d) attention to history but also to loss of memory e) observation of processes of variation, selection and retention f) attention to management of change (temporalisation) g) attention to second-order observations and self-organisation h) attention to rule making and rule negotiation

The next step, of analysing data and writing about complexity, demanded choices that reduce complexity. My complexity reduction implied giving an account of the material that would bring more understanding of the third sector in local governance through partnerships. Therefore, complexity reduction and contingency were the guidelines of data analysis taking the perspectives both of the observers and the observations at first- and second-order levels as established in the analytical framework. The theoretical framework raises questions such as: who is the observer doing TS observations, what are the observations of the TS in the context of TS semantics, how can we understand the problems of communication between the TS and governance through partnerships as they were identified in the research? In a complex context, while the data is being collected one does not know which lines of research are going to provide the capacity to answer these questions (like in the slide), although the iterative relation between theory and fieldwork helped increasingly shaping the first and second order observations of the researcher. The data is not only used to illustrate (as in apt illustration, cf. Mitchell 2006), but to help building theory from the complex systems approach and the SRA to the TS in governance through observing sequences of events and the same actors in these events, focusing the processual aspects, grasping changes and following the networks of themes and actors (as in the extended case study).

5. Chapter Outlines

Chapter 2 elaborates on the theory of functional differentiation systems in contemporary societies and the relevant system-theoretical conceptual tools: the notion of autopoiesis and the descriptions of social systems. It asks why a TS emerges in a context of the blurring of boundaries associated with the government-governance shift. In this regard, it focuses on the societal and the political system to facilitate links to arguments about state and society derived from the strategic-relational approach and the cultural turn. Lastly, it presents the theories of organisation and decision developed in systems theory and their analytical relevance to partnerships and the TS.

It is concerned to understand how the boundaries state/market/society are established and changed. This connects the discussion of the imaginaries of state, market and society as used both in TS and governance theories. Articulating observation and governance, it proposes to consider network governance as a form of second-order governance that supports the mutual observation of systems. It also interprets governance failure as mutual observation for governance with a view to minimizing difference in the operation of various governance partners, projects, and systems. Finally, it describes the TS semantics in terms of the descriptions of the three modes of governance.

Chapter 3 focuses on the TS and extends analysis in space and time. It links (a) the more abstract level of national policies and semantics of the TS as produced in documents and debates to (b) the more concrete local level. I trace the 'invention' of a local TS in the context of the co-evolution of the invention and structuration of the sector and the English welfare state trajectory. In particular, it shows not only that TSOs existed individually but that they were described as part of a sector. By examining the semantics of the sector as produced by umbrella bodies, scholars and policies, I underline how observations also serve a strategic purpose in marking distinctions. This creates a sector. All these observers make particular selections from the empirical diversity of TSOs and social relations privileging specific discourses, descriptions and practices building trajectories that help to understand current material and discursive structures and strategies.

I describe the discursive and material elements that support the local invention of the sector, starting with the local umbrella body, or intermediary. I trace its origins and development as organisation and intermediary between sector and public policies. This history is followed until the time when my study of local governance began. I identify current traces of changes in the Centre for Voluntary Services' role as a consequence of steering policies, and the increasing complexity introduced by these policies – in fact, hypercomplexity. I retain the elements and relations found significant nowadays to mark continuities and changes in the self-descriptions of a sector.

In **Chapter 4**, I explore the diversity of TSOs. I start from the self-description of different organisations to show how they are constituted through selecting from environmental complexity – through first-order observations – the elements for their constitution as observers. I identify commonalities in these self-descriptions, such as the emphasis in working closer to person's needs, and show their inbuilt tendency to observe an ever-growing set of needs. This is because, I argue, TSOs tend to observe the contingency of selections of system's operations in the lives of persons and in other systems. I identify tensions in this intermediary role because TSOs constitution as observers is not unconnected to the means they have to observe. This includes their dependency on money, which increases as they work closer to the welfare functions of the state and the strings attached to these programmes, which vary regarding the degrees of freedom left to organisations' observations. These degrees of freedom, up to a certain point, are used strategically to establish couplings with its environment. I describe the current challenges on the operations and discourses of TSOs as their relationships with governmental bodies are framed by business-type technologies of governance (Swyngedouw 2005; Jessop 2009) and economic observations affecting how they observe.

In **Chapter 5**, I return to TSOs' self-descriptions but focus this time on organisations' observations at a second-order level, i.e. their observations of systems operations and their difference in relation to these systems. I return here to the analytical proposal of Chapter 2, namely, to analyse failure observations. I emphasize their self-descriptions of their observations and relations to the 'sectors' of state, market and community – which I describe as self-descriptions of the political, economic and societal systems. Because they are organisations, and particularly because they are hybrids, not integrated in any functional system, TSOs help to establish couplings. I argue that the TS occupies a special position as an observer of functional system's failures through marking its difference from public agencies and other systems, while at the same time operating a re-entry through using systems programmes to make their own observations.

Chapter 6 asks how the LSP 'is as it is' and studies its constitution as an observer through processes of variation, selection and retention. I describe the LSP's evolution in terms of its complexity-reduction operations through selection of themes, members and structures to observe a specific geographical area and its several moments, as it deals with internal contingency of selections and changes in the environment. This is a different space for mutual observations between TSOs and public administration and government observations. I describe it as a re-entry in the political system of the self-descriptions of other systems contributing to governance. I analyse the formation and evolution of the LSP as an oscillation between organisation and network, using as analytical tool the concept of decision from systems theory.

As partnerships like the LSP have been said to handle contemporary complexity better, I explore the internal dynamics of its self-organisation. Through describing its evolution, I show the complexity that it creates internally and externally due to its shifting structures and diverse observations, and various couplings. I argue that this structure of observation appears complex for participants and difficult to be observed by outsiders. This means that the self-description of the TS as observer standing in the environment of systems is difficult to maintain and, therefore, it needs to move inside.

Chapter 7 deals with the TS as co-governor in the partnership policies. I analyse the relations between the LSP and the TS by studying the various ways in which the TS couples with the LSP, as members and as a system in the environment of the LSP. Examining one of the roles attributed to the LSP, co-governance, I produce my descriptions of observations conducted from the political system perspective, considering issues of membership and representation. I identify, as distinctive of this type of partnerships, the emphasis on democracy, community participation, or co-governance. This is a semantics which fits well in the emphasis on the political role of the TS of the New Labour government. Therefore, I am interested in exploring the consequences of observations of inadequate participation of the TS in the LSP. I scrutinize several elements of local initiatives aimed at steering the sector to improve its involvement in governance. I describe the complexity-reduction operations and its contingencies in an attempt at drawing a structure to elect representatives of the TS to the LSP. In analysing some aspects of this project, one can see the attempts to transform the TS complexity into complexity observable by the LSP.

Chapter 8 asks whether the LSP and the TS can solve the paradoxes of societal complexity in the welfare state through network governance. It looks at the manifestations of part-whole paradox of the state in the oscillation between hierarchy and heterarchy, and the failures of both. It describes how this paradox is reflected in the unfolding of complexity of the TS's involvement in governance oscillating between being a partner of the state in governance and prone to be governed by the state. Empirically, it observes the unfolding of this paradox at the national, county and district levels as the study is extended beyond the district LSP and the TS to the couplings with the local authority, the governing bodies at the county level, and national state metagovernance. Two entry points that converge empirically in the theme of services provision are used, the LAAs as a policy to reorganize local governance and couple it to the national state, and the ChangeUp, oriented to the local umbrellas intended to align the TS to the government agenda of services provision and local partnerships.

In the context of hypercomplexity, described in partnerships policies and in government observations of TS roles, I argue that some observations are stronger than others and, therefore, I propose the idea of ecological dominance (Jessop, 2002) of the economic system.

Chapter 9 picks up some of the most important conclusions of the study and, in light of the proposed analytical strategy, considers how other contexts of welfare state governance through local partnerships and the TS may be studied. It expects that this analytical strategy will provide more capacity to understand the complexity of the TS from the perspective of the TS involvement in the government-governance shift.

Chapter 2

Systems, governance and observation

This chapter builds on the general theoretical proposal of this thesis, namely, to conceive governance as observation and use it to observe the observations built into the semantics of governance and the third sector. Thus, it broadens the discussion on governance beyond the idea of the shift from government to governance or network governance[20] to encompass an understanding of governance as 'steering', as of steering or piloting a ship or other vessel (Jessop 1998). This broader definition allows a closer look at semantics and practices of governance from a second-order level of observation. The parallels between the discussions on different modes of governance – state, market, community and network – and the semantics of the TS are shown and brought to a more abstract level with the support of systems theory and the SRA.

Systems theory provides useful tools to understand modern western capitalist societies: indeed, I suggest taking it as a self-description of these societies.[21] This holds particularly for the description of functional differentiation as the present form of societies. Thus, to consider the discursive and material constitution of societies according to a systems-theoretical framework helps to understand current discussions on societal governance and the semantics of the government-governance shift.

Luhmann (1982) describes the differentiation of horizontally organised subsystems of the social system of society as an evolutionary trajectory from segmented organisation (based on families and clans) to the stratification of *ancien régime* orders and, finally, to functional differentiation. Following Weber, he emphasizes

[20] For a summary of approaches to policy networks, see Börzel (1998).
[21] According to my supervisor, Bob Jessop, Dirk Martin makes a similar argument (cf. Martin, 2009).

rationalisation and communication as the engines of functional differentiation. Functionally-differentiated systems are interdependent but organised in a horizontal manner, with no system being superordinate to the others. Here lies the basis of the paradox I explore in the thesis. There is no centre and this makes the issue of governance or order important for societies that self-describe as polycentric (or, as Luhmann writes, hypercomplex). Jessop identifies this historical contingency in terms of those structural selectivities of the state that are rooted in the separation of the state from the economy – a separation that helps to sustain the dominance of the profit-oriented, market-mediated logic (Jessop 1990, 148) including: a) the state's exclusion from the productive core of the economy, which makes it dependent on taxes and loans from the economy; and b) the constitutional form of formal equality and freedom before the law, which reinforces substantive inequality.

Therefore, some central concepts, such as that of autopoiesis, the discussion on the systems of society – including society itself, the political system and social movements –, must be articulated with the concept of observation if we are to adequately analyse the semantics and the dynamics of governance. In turn, SRA concepts facilitate examination of concrete variations in the capacity of different observations to be retained and the contextual nature of self-descriptions. As it constitutes my analytical tool for entry into the empirical analysis, I also present the concepts of organisation and decision. Decisions are framed as observations, and organisations can be seen, along with programmes, as coupling mechanisms between autopoietic systems.

1. Social systems, differentiation and selectivities

Luhmann draws one of his central theoretical claims about complex social systems from Maturana and Varela's concept of autopoiesis in the self-organisation of the brain. For him, ‘everything that is used as a unit by the system is produced as a unit by the system itself. This applies to elements, processes, boundaries, and other structures and, last but not least, to the unity of the system itself’ (Luhmann 1990b, 3). Luhmann describes systems not only as self-organising, but also as self-producing or self-referential, i.e. autopoietic. Self-organisation[22] is the use of system operations to produce the system structures, and autopoiesis is the use of systems operations to produce the state of the system that makes possible further operations (Luhmann 1990b, 145).

The theory of autopoiesis conceives systems as open, which is a core assumption of complex systems theory. For Luhmann, autopoietic systems are necessarily interdependent, they cannot exist without each other or their respective environments; but their organisation determines that any information from the environment can only enter the system if it can be organised by the rules that organise the relations within the system. Therefore, the environment has limited resonance capacity within any given system. It produces noise and irritations that can only be transformed into information and trigger further communication if the system ‘understands’ them.

Social systems comprise communications, not persons. The latter are psychic (conscience, which is also a communication system) and physical systems. Luhmann (1995; 2006) identifies several types of social systems, each with its specific autopoietic closure that establishes its difference from its environment: society (communications), organisations (decisions), interactions (presence), social movements (protest), and various functionally-differentiated systems, economic (pay/don’t pay), legal (legal/illegal), political (government/governed and government/opposition), educational (qualified/not qualified), scientific (true/false).

[22] For systems theorists ‘…self-organisation is the spontaneous emergence of new structures and new forms of behaviour in open systems far from equilibrium, characterized by internal feedback loops and described mathematically by nonlinear equations’ (Capra *apud* Morçöl 2005, 10).

The relation between society, organisations, interactions, social movements, and functional systems does not concern the micro-macro distinction but the articulation among different types of systems (Andersen 2008, 57). These types of systems are autopoietically closed and cannot communicate directly with each other; but structural coupling enables them to draw elements necessary for their own operations from other systems in their environment. In this way, they also co-evolve. They do not absorb the full complexity of the systems with which they are coupled but only that part on which they depend. Luhmann uses the term interpenetration to describe the relation among mutually dependent, co-evolving systems. For example, language is the medium through which social and psychic systems are coupled.

> Structural coupling is a mutual relationship or correspondence between the structure of a unity and the structure of its environment (including other unities within the environment). This occurs when a unity undergoes recurrent interactions within its environment whilst maintaining its identity and therefore its organisation (Mingers 2002, 293).

Coupling is the other of differentiation, i.e., the moment where things reconnect. It implies that systems are operationally closed, which enables them to exist, but structurally open insofar as they connect to the structures of other systems in their environment.

> A closed system prepares itself internally for perturbations from the environment and creates internal information from this punctual environmental contact. The system is structurally coupled to its environment when it uses events in the environment as perturbations in order to build up its own structure. In spite of its closure it can, through structural coupling, make itself dependent upon its environment by using external events as conditions for its own operations, as irritations or even as opportunities (Hutter and Teubner 1993, 709).

Luhmann's anti-humanism rules out subsuming people under just one social system and facilitates analysing how systems select their mode of observing human beings. Once one considers the observer as a system, one may ask what system is making the observation. For instance, while the health system observes a sick person in the code healthy/unhealthy, the economic system may consider her in terms of the costs of being sick for an enterprise or decide about treatment in terms of her ability to pay. Because it insists on the horizontal nature of the inter-system relations, ST has neglected the possibility that one system may influence their structural coupling and co-evolution more than others. Jessop adopts Luhmann's concept of 'ecological dominance' (derived in turn from Morin) for this situation:

> Ecological dominance refers to the structural and/or strategic capacity of a given system in a self-organizing ecology of systems to imprint its developmental logic on other systems' operations far more than these systems are able to impose their respective logics on that system. This capacity is always mediated in and through the operational logics of other systems and the communicative rationalities of the lifeworld (Jessop 2002, 45).

This concept allows observers to assess the growing weight of economic considerations in many spaces usually considered as extra-economic – for example, the welfare state – relative to the importance of extra-economic conditions to the operations of the economy as an autopoietic system.

1.1. Society, political system and social movements

Society is the all-encompassing system that, unlike other systems, has no social system in its environment and, therefore, cannot be observed from the outside. The autopoiesis of society occurs through communications; all these communications and all other social systems must be thought inside society because they are specific communications (Luhmann 2006, 63). A functionally-differentiated society contains several self-descriptions and may regard itself as containing several self-descriptions (or not). If it does,

> The society should then describe itself with metaconcepts – as policontextual or hypercomplex. Then each self-description, as description, regards its only contingency. Considers (and shows that it considers) that there can also be other self-descriptions of the same system. Or for its own detriment, if it refuses that knowledge and presents itself in a totalizing way, it becomes sensitive and intolerant to all deviation – thus making things politically difficult (Luhmann 2006, 707).

Although the political system is one among other functional systems within society, in modern societies it plays the role of representing the unit of society and it is mainly responsible for steering it, being the addressee of demands to solve the problems of functional differentiation i.e., the complexity created by the operations of complexity-reduction of systems as functionally-differentiated. For systems theorists, the political system in liberal democracies is internally differentiated into the public (taxpayers and voters), government (legislation, jurisdiction and bureaucracy), and party politics. Schirmer and Hadamek (2007) say: ‘one cannot easily say that economy is more important than science or that religion is more important than education. Nevertheless, politics is likely to be observed as more important than other systems: as an authority being able to integrate society’ (2007, 135). The political system represents society as a whole and this society is semantically described as a unit capable of political action. This description is a re-entry of society into the political system; it is described as a community with common norms and values capable of acting.

That there is an addressee for demands to solve social problems matters because it produces the expectation that social problems can be solved (Schirmer and Hadamek 2007). The state is a self-description of the political system as an entity capable of acting and, thus, solving those problems. Jessop identifies two paradoxes in the state. First, ‘the state is just one ensemble among others within a social formation; but it is peculiarly charged with overall responsibility for maintaining the cohesion of the social formation of which it is a part’ (Jessop 1990, 360). The material basis of this responsibility is the state monopoly of physical force and taxation powers, its hierarchically organised capacity to enforce collectively binding decisions, and its fictitious status as a subject capable of action. Second, to solve this paradox, it intervenes increasingly in other spheres – albeit without the capacity to exert direct control – and it depends more on these spheres for successful intervention. But there is a 'host of non-state forces within and beyond the political system [that] struggle to (re)build the state and redefine its projects' (Jessop 1990, 361). This thesis is grounded in the relationship between the TS and the state part-whole paradox.

Teubner (1986) identifies three indirect ways in which the political system may steer other systems: regulatory interventions or subsidies to protect the autonomy of the systems; requirements related to the organisation of internal processes of decision-making of the systems to condition the reflexivity in these processes; coordination, i.e., establishing forums where representatives from different systems interact regularly creating mutual understanding. The last of these is related to governance. But, through network governance, the state shares its powers with other forces 'to increase its infrastructural power' even if at a cost of loss of its own unity and distinctive identity (Jessop 1990, 362).

This fiction of the political system as an actor also explains why social movements often address demands to the state. For Luhmann, social movements contribute to the 'overload' of the political system with expectations via public opinion and political parties. This overload results from the reliance of the democratic state on public opinion and of the infinite potential of the issues that can be politicized (Luhmann 1990a; Willke 1986) because, 'unlike all of the other functional systems, politics has no in-built stopping mechanism, so potentially any topic could be politicized and become the object of a claim' (Luhmann *apud* Schirmer and Hadamek 2007, 149).

Luhmann claims that NSMs are specific to functionally-differentiated societies. They should not be confused with interest groups that do not address society or with the labour movement, which offers a non-differentiated observation of society and could produce a theory of society – a perspective that a plurality of NSMs cannot offer. Social movements organise motives, commitments and bonds. They are not organisations, but they do form organisations to communicate with systems in their environment – many of which are TSOs (Luhmann 2006, 675).

Social movements are systems in the environment of other systems thematising problems of functional differentiation. They address specific functionally-differentiated systems and can only exist in relation to these (Luhmann 2006, 637). They can observe the problems in systems' environment, participate in systems' thematisation of the environment as problems, but they must address these problems to the specific functional systems so they irritate and resonate in these systems. They are a self-observation of society that rests on the fiction of being outside society criticizing society for the good of society. This, however, remains in the blind spot (Baecker 1999).

It is the continuing commitment to protest that allows the autopoiesis of social movements: if protest ends, so does the social movement. The themes of the social movements – peace, environment, gender equality etc. – are like the programmes for the codes of functional systems as it is how protest is operationalised. They show who is on which side of the form of protest. Luhmann argues that there are forms available for the continuous generations of these themes, like, for instance, equality and ecological balance. He argues that these are utopian forms because inequality and unbalance are inevitable structural characteristics of a functionally-differentiated society (Luhmann 2006, 680).

The search for a unifying ideology of social movements has led to the idea of 'alternative'. This allows different social movements to identify with each other and to build mutual support networks and even to change themes while remaining 'alternative'. Luhmann (2006) says that while protest indicates a border and lives on one side, the semantic of alternative allows crossing the border back to society.[23] For

[23] This has been the semantics of the World Social Forum with the theme 'another world is possible'.

other analyses of NSMs, however, it is not only an issue of keeping the protest going, but the persistence of the unmarked sides of systems selections. Therefore, for its relational character, resistance might be a substitute for protest. Jessop says:

> Resistance is rooted in the first instance in the availability of alternative meanings in the elements and in agent's attachment to meanings which are the contrary to those which are being imposed through particular meaning systems […] resistance is always a contingent effect of contrary or contradictory attempts at specifying subjects, their identities and interests (1990, 244).

At a more general level, this claim shows the relevance of observation as system's self-reference in meaning. As soon as one side is indicated, other excluded observations can be identified too.

This perspective is useful in indicating the contingency of selections and the observers existing on the unmarked side of systems' differentiation and functional differentiation overall. It is the concept of meaning itself that allows this opening. Luhmann argues that 'meaning is nothing but a way to experience and to handle enforced selectivity' (Luhmann 1990b, 82). This is clear in the definition of meaning, as Luhmann states that it is simultaneously a complexity-preserving and complexity-reducing reference centre 'being its distinction the indication of, and control of access to other possibilities' (Luhmann 1990b, 48). Meaning is the other that appears during the communication of themes, the dissent that appears in mutual observations and the existence of a difference between present and past/future horizons (Luhmann 1995, 76). This potential is what Luhmann describes as the lifeworld.

1.2. Organisations, decisions and intermediaries

Systems theory describes organisations as autopoietic systems, perceiving them as not being part of functional systems although in interaction with them. The autopoietic operations of organisations comprise decisions that connect to decisions and these decisions in turn have as decision-premises the elements of organisations (Seidl 2005). Andersen (2008, 128) describes their main elements as membership, which establishes the border for the validity of decisions, purpose-related programmes, differentiation and coordination of activities and decisions, which also decide about the former elements.

A decision is a selection of one alternative from all alternatives and it implies a paradox: the paradox of undecidability. A real decision must imply that the alternative is equally valid for selection because if that is not the case it wouldn't be a real decision. This means that the choice for one rather than another alternative lies somewhere outside the decision. Thus, Seidl and Becker (2006) say, a decision communication communicates also the rejected alternative.

Thus, this paradox must be displaced to a blind spot. There are several ways of doing it. One is moving it to decision rules about decisions, meaning that the paradox will then lie in the choice of decision rules. Hierarchy displaces the paradox of decision by transferring the decision to an authority whose selections are invisible, for instance, a 'decision-maker' (Seidl and Becker 2006). There is also temporalisation, i.e., displacing the decision in time and, as I would call it, spatialisation, i.e., displacing the decision to other spaces (for instance, placing organisational decisions in meetings).

Decisions in organisations are based in decision premises – that is, past decisions – and these work as important deparadoxifiers of decisions as decisions refer to previous decisions. The organisations' elements are decidable decision premises. Besides these, there are also the undecidable decision premises (decisions not assumed as decisions). This depends on the way the environment is conceptualized by the organisation. In the systems-theoretical approach, organisations and programmes are the two ways in which one system can resonate in another system, i.e., can produce structural couplings.

Organisations can create structural couplings[24] between systems by making decisions that use codes and media of the different systems, while maintaining the operational autonomy of systems (Andersen 2008, 56). According to Luhmann, the largest and more important organisations are formed within the function systems and adopt the primary functions and the codes of the systems (Luhmann 2006, 667). Thus, as Andersen remarks, observers tend to identify functional systems more with the organisations than with system codes or symbolic media (2008, 57). They are the organised decision-making of systems and, because they are the only type of system that can communicate with the environment, they secure the communication between the functional systems and the environment. At the same time, organisations may also participate in several systems (e.g., universities belong to the education and scientific systems and, increasingly, the economy). A third type of organisation is not integrated into any system: two examples are labour unions and voluntary organisations (VOs) (Luhmann 2006, 666).

Programmes are instruments, like laws or money, which can be used in another system to change its internal conditions, although not its codes. Luhmann (2004) argues that programmes are structures for the application of the codes but, while the codes are necessary, programmes are contingent.

> All systems code their environment, and all systems stabilize this coding by developing programmes (structures) for the application of the code. But while the code is essential to the continued existence of the system (indeed, the present, not the past or the future, momentary operations of coding *are* the system), the content of these programmes is contingent (Nobles and Schiff 2004, 10).

Programmes can be changed and can be used to irritate the systems, so that one system can influence the programmes of other system, through legal or financial

[24] When an organisation is connected to only one system that determines the majority of its operations, we have a tight coupling. When an organisation is coupled to more than one system, it is loosely coupled.

incentives, using its own observations. The system to be influenced must be internally affected by reconstructing these 'irritations' in its own communications. Luhmann further distinguishes between purpose-specific programmes and conditional programmes. Purpose-specific programmes are 'structures of systems that guide operations'. They identify a difference that, in autopoietic systems, is built inside the system, which is a difference in relation to a future. Conditional programs are structures for the application of the code and involve a second-order observation of the code, being typical of the legal system (Nobles and Schiff 2004, 19).

We may add a third coupling mechanism, intermediaries. The intermediary is the person or the organisation whose explicit function is to intermediate between different governance modes, functional domains, expertises, knowledge, functions, cultures, identities and so on. As Medd et al. remark, 'intermediaries are not simply arbitrators, they play a role in ordering and defining relationships' (2005, 5). Intermediaries reduce the complexity of the real complex they mediate in order to render it observable and to create possibilities for coupling between different systems. As Streeck and Schmitter (1985) say, they are producers of group interests and not mere repositories of their members' interests. Dunsire (1996) describes communication of the political system with intermediary bodies as one way this system may steer society – along with money and law – where the political system want to rely on the self-governing capacity of social systems.

2. Governance

Governance as steering is a form of observation, although not all observations involve steering. Luhmann describes steering as 'an operation that uses a distinction to minimize the difference this distinction marks' (Luhmann 2002, 141). As Andersen and Born say, it is ‘the specific use of a distinction in order to make differences disappear’ (2000, 302-303). In autopoietic systems all information is produced within the system so that the identification between the current state and the desirable state, as well as the identification of this difference are all produced by the system. So, ‘steering is always self-steering’ because it is the system that observes the difference between the two sides. According to Luhmann, steering involves four steps: 1) observation marking a distinction; 2) observing a difference in the distinction; 3) asymmetrization; 4) elimination or reduction of the difference. Asymmetrization means choosing one side of the distinction over the other and is equivalent to purpose in the theory of action. Therefore, to analyse steering one must look at the two sides of the difference and to the observer making the distinction.

We can also distinguish steering from observing steering, which occur through different distinctions. It can have several forms, depending on the perspective taken by the second-order observer: a) the second-order observation uses the distinctions used by the observed observations, b) observation from the perspective of other systems, and c) observation from the viewpoint of an affected interest in terms of being considered in steering or defending itself against steering (Luhmann 2002, 146).

In line with the theory of observation, Schirmer and Hadamek remark that any attempt at steering is observable by other observers, which ‘leads to new constructions of new differences which in turn can be observable’. They say: ‘Attempts at steering provoke other attempts at steering – a process that in most cases can only be stopped by time restriction’ (2007, 137-138).

This leads to the question of change. In systems theory, it occurs at the level of system’s structures. Luhmann identifies three possible forms of structural change: 1) self-adaptation, which is related to the managing of internal complexity-reduction, implying that what one sees as stability needs self-correcting mechanisms to remain stable; 2) adaptation to the system's environment, which implies looking at the semantics that systems use in the distinction system/environment and how it shapes the perception of adaptation needs, i.e. what differences orient the steering processes; and 3) morphogenesis, which is based in the difference between activation and inhibition:

> It assumes that there are systems whose possibilities are to a great extent inhibited, whose meaning references, for example, are exploited to a very limited degree by the structures of expectation necessary for reproduction. In such cases, the relationship between activation and inhibition can be changed by evolutionary variation so that structurally deviant, inhibited possibilities can occasionally be disinhibited, that is, re-activated (Luhmann 1995, 351).

2.1. Modes of observation, governance and failure

Since I am discussing societies' self-description as polycentric, I privilege the governance literature descriptions on the existence of several modes of governance (cf. Kjaer 2004). With the semantics of governance, it is not just market steering that emerges but also, and more important for my concerns below, the community and governance networks. These two modes of steering have been present in the semantics of an alternative both to the state (or more broadly hierarchy) and to the market (or anarchy). But, as suggested before, they should be analysed relationally. Here I introduce elements of the SRA that bear on the co-constitution of structure and strategy and thereby provide a framework for a contextual and dynamic analysis of the relationality of governance observations.

Modes of governance can be described as a specific preference regarding how differences may be minimised. These preferences are shaped by the specific distinctions between system and environment used in particular observations of governance (e.g., should homelessness be solved by market mechanisms, state intervention or community solidarity or by the articulation of these logics?). Modes of governance are competing ways to describe the world. One can link, as Jessop (2002) does, four forms of coordination of social relations – anarchy, hierarchy, heterarchy and solidarity – with four forms of governance – exchange, command, networks, solidarity – and four political projects – neoliberalism, neostatism, neocorporatism and neocommunitarianism. I will show later that these can also be related to TS semantics. For now I describe each mode of governance as observation and relate it to observations of the contingency of selections. I focus on the four observations of governance identified by Jessop, distinguishing a first and second-order observation of these observations. I add a third-order observation observing systems' differentiation. Furthermore, and in line with ST, I argue that heterarchy, as network governance, is a second-order governance mechanism since it includes the observation of the remaining modes of governance – the governance mechanism of hypercomplex societies.

Several modes of coordination, or ways of organising or governing social relations, have been identified. Streeck and Schmitter argued that advanced capitalist societies displayed a fourth source of social order besides market, state and community – the association (1985, 3). Unlike the spontaneous solidarity of the community, the dispersed competition of the market, and the hierarchical control of the state, the guiding coordination principle of this corporatist-associative order is inter- and intra-organisational concertation, where organisations 'mutually recognize each other's status and entitlements and are capable of reaching and implementing relatively stable compromises (pacts)' (1985, 10). It emerged from the growing enmeshing between the three old orders and the need to control these new relationships.

Existing taxonomies of modes of governance have elements in common (Treib et al. 2007) even when framed by different epistemologies and theoretical traditions. From an interactionist perspective, Kooiman (2003) distinguishes self-governance (deregulation), co-governance (networks, partnerships, co-management, cooperation) and hierarchy (bureaucracy, control) as governance interactions, and state, market and civil society as governance modes, which he describes as the structural order of governance and observes as institutions. From a regulationist perspective, Hollingsworth and Boyer (1997) identify competition (market), hierarchy (firm), coercion (state), solidarity (community) and negotiation (association). Jessop identifies exchange (market), hierarchy (state and firms), solidarity (love/community) and heterarchy (networks) (Jessop 1998; 2002; 2008b).

2.2. Modes of governance as observations

The modes of governance identified in the literature correspond closely to the discussions on the difference between the self-descriptions of the political and the economic systems and the system of society: the state, the market and the community, respectively. Each involves specific ontological and epistemological assumptions and, therefore, they often appear as alternative modes of governance or, for other authors, open to recombination through, for instance, collibration (Dunsire 1996) or meta-metagorvernance (Jessop 2010). The difference minimisation they indicate is discussed at the level of the problems of society, although one can see these modes of governance organising social relations in interactions and organisations.

The state, the market and the community are all self-described as units capable of action when viewed from the perspective of governance in its broad sense of the coordination of complex, reciprocal interdependence. Each has a preferred way of minimizing difference because the observer is not separated from the observation. In the economy, market governance implies an ontology of self-interested actors, free to contract, with control over specific resources. Governance through market results from the aggregation of the interaction between these actors, producing aggregate supply and demand (Schneider and Bauer 2007). Offe describe markets as based on exchanges mediated by money, between independent parts that may withdraw at any time. Members are formally free and relationships are resumed to a point in time (Offe, 1996). Public hierarchy implies the existence of a sovereign that makes decisions about a desired state and turn them into practice by exerting hierarchical influence over resources. In the political realm, hierarchical governance places collective problem-solving in the hands of the state (Schneider and Bauer 2007). Solidarity or love of community implies the idea of interdependence (see Walzer 2006), horizontality in social relations, shared meanings and social and moral obligation (Enjolras 2006), reciprocity with no temporal limitation (Offe, 1996). Vandenberghe (2002) says that the relationship matters more than what is exchanged in that relation.

Each of these modes of governance corresponds to observations that are constituted relationally both materially and discursively. Thus the internal divisions and external boundaries of the state are not fixed once and for all but change over time and with reference to different forces acting in relation to the state (Mitchell 1991; Jessop 1990).

Indeed, the state 'changes shape and appearance with the activities it undertakes, the scales on which it operates, the political forces acting towards it, the circumstances in which it and they act, and so on' (Jessop 2008a, 3).

Community can be related to state and market and to the structural effect of the state described by Mitchell (1999).[25] As described by Vibert (2005), community is a concept that evolved in reaction to the contractual, impersonal, anonymous, self-interested and utilitarian relations of modern capitalist societies, whether in a version

[25] Mitchell (1999) identifies a 'structural effect of the state' in the distinction between individuals and structures in institutions of modern government, military and the law, where these appear as superimposed upon individuals and social practices. The invention of the economy as a separate sphere is also part of this effect.

of melancholy of the past or in a version of a new unity of free individuals overcoming egoism through association. From this perspective, community can also be seen as the other of modern society. This alterity opened space for the semantics of community, as a sphere of belonging, distinct from a sphere of individuality. Community can be territorialized – at sub-national level as local community, in the preference of communitarians, or at national level as the national community, for instance, in national social security – or can be conceived as a community of interests (e.g., associations, workers solidarity, human rights, environmentalism).

We can see that the re-emergence of the concept of community as the other of society is a re-entry of community in society and one finds many observations on this side including, for instance, the idea of solidarity between workers developed by Marx, the emergence of the association after the *Ancien Régime* (Chanial and Laville 2005), and the discussions on the gift to strangers outside religious prescriptions by Caillé (1998). Laville (2005a) describes the evolution of the concept of solidarity from a descriptor of the relationship of charity to what he terms 'democratic solidarity', emptied out of the hierarchical relationship underlying the traditional charitable relationship.

Network governance is the mode of coordination of a hypercomplex society. It cannot be related to any functional system in particular but I consider that there are parallels between its self-descriptions and the self-description of functional differentiation. Networks are neither systems nor organisations but they have increasing relevance within and between systems. There are networks of interactions, social movements and organisations that mix and make use of systems' functional logics, semantics, programmes and decisions. According to Jessop (1998), their special characteristics as a mode of governance are the existence of several points from which governance is made, heterarchy, and the reflexive nature of its processes.

Network governance is based on dialogue and involves mainly second-order observation as autonomous and interdependent systems, organisations and individuals observe and mutually adjust to each other (Andersen 2008; Teubner 1996). Teubner (1996) argues that networks involve a double attribution of action: action in a network is attributed to the individual actor in the network and to the network as an actor.

Self-organisation presumes that there is symmetry between all parts, that consensus can be reached through negotiation and/or the premise that all members of society can present their instrumental rational self-interest (Kooiman 2003). Kooiman says that interacting parties have a common purpose and part of their autonomy and identity is at stake in this effort (to be distinct from co-ordination in the market) and where there is no central dominating governing actor (which distinguishes it from hierarchy) (2003, 96-97). Other authors describe network governance as based on actors pursuing self-interest in a situation of trust and aiming at reaching negotiated consensus (Kenis and Schneider 1991; Rhodes 2000; Thompson 2003). Scharpf (1993) describes networks as emergent structures of self-organisation based on relationships of trust between self-interested actors. These solve the problem of political steering in the context of closed systems because they allow the communication between these systems. He emphasises the role of representatives or persons that occupy multiple roles in various systems.

2.3. Governance failure as observation

The dynamics of governance depends on governance failure. This is an important standpoint in this thesis and suggests that failures are irritations or noise originating in the environment to which systems will react because they depend on this environment(cf. Luhmann, 1995; cf. also Stäheli, 2003). In other words, since the problems of functional differentiation produced in the real concrete by systems operations can only enter social systems if they are communicated, failure allows these problems to function not only as irritations but also as objects of steering.

Malpas and Wickham argue for the centrality of failure and the inevitable incompleteness of governance projects: ‘there is no such thing as complete or total control of an object or set of objects – governance is necessarily incomplete and as a necessary consequence must always fail’ (1995, 40). Failure is always related to the expectations that are placed on a given governing project. Thus governance success and failure may be evaluated both by the governing system and by other systems according to their specific criteria of success and failure (Jessop 2008b). On this basis, I consider several modes of failure in their articulation to first-, second- and third-order observation.

The first type of failure is defined in terms of how the four modes of governance fail in terms of their own internal criteria for success (Jessop 2002). These could be named first-order failures, because they are observed at a first-order level in the systems’ operations and assessed according to systems’ own criteria. They result from the operations of complexity-reduction; and the dynamics of systems reproduction is based on the minimization of these differences. Negative feedback mechanisms seem to be the most typical governance answer to such failures as they mostly correct system deviations that are identified internally. Jessop describes first-order failures in markets and in state governance. Since it is the procedural rationality of the markets of free and equal exchange that guarantees their success, first-order market failure happens ‘when economic exchange does not produce what a perfect (hence “imaginary”) market would deliver’ (Jessop 2002, 224). State failure arises from its self-image as an entity capable of acting, responsible for ‘collectively binding decisions in the name of the public interest or the general will' (Jessop 2002, 226). State rationality is substantive and related to the goals that it commits itself to pursuing, thus failure is the inability to realize its political project. Failure occurs when the assumptions that the state has information and organisational capacity to achieve its objectives are contradicted through bounded rationality, the existence of contradictory goals, the conflict with the own goals of state managers and so on (Jessop 2002). First-order failure in solidarity is betrayal (Jessop 2008b), which implies a break of trust and loyalty to the community to which one belongs, a relationship between the individual and the collective, a crossing of the constitutive boundaries between the community and its environment that destroy taken-for-granted relations. Betrayal breaks the solidarity that is constitutive of the community (Schehr 2008).

Second-order failures are those that are observed by a second-order observer (like the self-reflexive system or another system), particularly one that is also related to the same object or/and suffers the impact of the operations of complexity-reduction by the governance project. Corrections of these failures may occur through the regulatory interventions of the state but are also expected in the network governance capacity to generate positive feedback by mutual observation.

Second-order failure is, as mentioned, the failure observed by another observer. Jessop (2002) illustrates its distinctiveness in terms of the description of market failure in terms of inadequacies. These refer to the impact of market forces on wealth, income, life chances or regional imbalances that the market would not consider as failures insofar as they result from the normal operation of market forces. But they are observed as failures by other systems: for example, the state may observe the market's inability to provide public goods or the community may observe that the market produces atomization and destroys social bonds.

Excess of bureaucracy, red tape and lack of flexibility is one typical observation that the market makes of the state, particularly because of the discrepancy between the temporalities of the two. It also accuses the state of being costly, inefficient, non-transparent or for not allowing choice. Community observes state failure indicating insensitivity to difference and the standardization and depersonalisation of state welfare. The second-order failures of the community are observations made under the universalist criteria of the state or of the individual freedom principles of the market. Salamon (1987) uses the term 'voluntary failure' to explain why the state took over service areas that were previously under TS and family responsibility. This will be explored in Chapter 5.

Third-order failures in functionally-differentiated systems can be those related to the inequalities and unbalances described as a structural feature of systems, given that observation under equality/inequality is a general scheme in functionally-differentiated systems. It is a rule of observation for society as a whole so 'the difference minimizing programmes are directed towards the diminishing of inequalities' (Luhmann 2002, 147). However, steering by the different systems creates inequalities and reproduces them in the structures it creates.

The observations at this level identify the failure of functional differentiation. Luhmann (2002) argues that functionally-differentiated systems have no answer to these problems; they can only displace them to a blind spot. Luhmann (2002) argues that the difference between system and environment cannot be set as a steering goal as that would mean to eliminate the distinction that constitutes the system. Therefore, systems displace this paradox by sending to organisations the responsibility to establish borders between insider/outsider under descriptions of universality (membership takes place under general conditions). Another mode of displacement, mentioned by Schirmer and

Hadamek (2007), is placing the question of inclusion and exclusion on the back of individuals and make them responsible for their own individual fate.[26]

One can also observe failure in network governance. Indeed, after years of enthusiasm with the governance possibilities of network self-organisation, there is an increasing attention to network failure (Jessop 1998; Sørensen and Torfing 2007b). However, because network governance has its own logic, it fails in different ways.

The difficulty of assessing network governance failures, according to Jessop, arises because there is no obvious pre-given criterion for such failure (2002, 238). Andersen describes partnerships as emergent social order: 'partnerships can never simply be, but exist only in their creation. Partnerships are always about partner creation. If the partners do not see the possibilities of partnerships they cease to exist' (Andersen 2008, 141). Governance failure at a first-order level would be basically the incapacity to create or maintain the partnership or network for the purposes for which it was established. First-order failures can also be assessed by the individual systems in the network from the perspective of their goals and criteria of success. However, partners' interests (or partners themselves, as we will see) are supposed to be created in the network and this sends to the environment of the networks the impacts of these complexity-reduction operations.

Messner (1997) notes a tension between the logic of consensus and the need to pursue its objectives. He mentions a conservative tendency inside the networks that derives from the logic of compromise and conflict avoidance, which blocks true dialogue and the ongoing realisation of emerging goals. The topic of consensus/conflict is also noted in the literature because the self-descriptions of decision-making by consensus are considered problematic (Koppenjan 2008).

[26] For an analysis of this turn to individual empowerment, see, for instance, Anderson (2007).

But one can also imagine that failure observations inside the network may be exactly the basis of its dynamics as one mode observes another in terms of its specific criteria of success. So, inside the network, one can find observation of inefficiency, deviation from public goals, bureaucracy and lack of flexibility, lack of transparency and accountability, particularism, all depending on the observing system. According to Teubner (1996), networks may be seen as mechanisms of deparadoxification, by recursively re-entering from one form to another or by solving the failures of one mode of governance through the use of features of the other mode. But there is a paradox here: a network's ability to shift from one observation to another may ultimately render it unobservable. Closure of the networks also seems a specific feature that renders networks prone to failure. This has been discussed by several authors, some of whom link it to the self-referentiality of the systems (Messner 1997), others to features of the actors (Schaap 2007), and others to the features of networks (Law 2002). The closure I am pointing to brings the impossibility of being observed from the outside.

Third-order failures from the viewpoint of inequality emerge from the constitutive imaginary that all partners are equal and equally able to negotiate their interests. Networks might displace the visibility of these inequalities internally through its different spaces and the different types of systems it mobilizes. As Messner (1997) says, networks tend to reinforce the differences between organised and unorganised interests and exclude those outside the network to participate in the definition of the object of governance. This is problematic when the network incorporates in its definition the responsibility for the definition and realisation of the common good as the type of partnerships which are object of this thesis.

3. Third sector semantics

The discussion on the boundaries of the TS has been a constant since this third (non-profit, voluntary, non-governmental etc.) sector was 'invented' in the 1970s. Sector actors and researchers have been busy in designing borders and identifying mixes. The 'sector' is clearly a product of contemporary complexity brought by modernization, rationalization, functional differentiation and organisation. To understand what the TS is we must move from first-order to second-order observation and, following the advice of Mitchell, regard blurred boundaries not as a conceptual problem but as a key to understanding. Mentioning the state, but with equal applicability to the TS (or the economy), he advises that instead of trying to fix these boundaries we should be concerned with researching how these distinctions are produced. He describes the boundary of the state as 'a line drawn internally within the network of institutional mechanisms through which a social and political order is maintained' (Mitchell 1999, 77). To understand the concept of TS one should follow the same line of reasoning, which is to concentrate both in finding boundaries (first-order observation) and in finding how boundaries are created and maintained by which observers (second-order observation).

The description of the TS depends heavily on the existence of a set of observations concerning how the world is organised. This emergence is inscribed in a longer historical process where particular separations between state, market and civil society, private and public, formal and informal were built (Habermas 1989) and the TS plays a role in marking these differences. It is because these separations are in place that it is possible for some authors to describe TSOs in the centre of a triangle whose vertices are constituted by state, market and community that have in the centre associations that are private, formal and non-profit, and are surrounded by other organisations in the TS where differences between formal/informal, public/private, profit/non-profit are tenuous (Pestoff 1998; Evers and Laville 2004b).

The form of the observation used in the descriptions of the TS, which is composed by the marked and the unmarked space – what is and what is not –, is a descriptor of the TS as much as of the state and the market. Thus, in classifications of the sector (for instance, Salamon and Anheier 1992a; 1992b) the market is profit-oriented whereas the TS is not, the state is statutory whereas the TS is voluntary, the TS is formal and organised whereas the community is not. Thus, the TS, as a relational concept – or a second-order concept (Andersen 2003) –, establishes borders that also define what aspects are selected to constitute market, state and community. But the TS is also the state, the market and the community because it is said to include aspects of each, such as producing public goods in common with the state, the voluntary character, similar to the market, the solidarity, similarly to the community.

What the TS is said to bring anew to societal governance and other articulatory logics, such as corporatism, seems to be the inclusion of community (Santos 2006; Lipietz 2001) and social movements' observations (resistance).

Instead of adopting a stable definition of the third sector, it is useful to recall the plurality of self-descriptions in concrete contexts that form part of strategies of observation and coupling to advance certain interests and political projects. I identify here three different self-descriptions that privilege coupling with a specific system: thus we can observe the TS from community, the political system and the economic system and the re-entries operated in each observation of the other observations.

From the observations of community, I will introduce two concepts, social capital and the gift. Community reappears in the concept of social capital, as theorized by Putnam (2002). Social capital comprises the individual ties and networks and the resulting norms of reciprocity and trust seen as a societal resource for democracy and economic development. Putnam and others further distinguish between bonding and bridging social capital. While bonding retains the semantics of the face-to-face relationships in small homogeneous groups, bridging is connected to civic responsibility, overcoming 'divisiveness and insularity' between groups and cooperation 'or addressing large-scale social problems' (Wuthnow 2002). Bridging social capital offers an alternative observation to the political system as state, and this is why the concept of social capital appeals to communitarians. It is described as 'an attitude that values decentral (self-)government higher than central politics and government' (Evers 2003, 16).[27] Another concept grounded in community semantics is the gift. According to Caillé (1994), the modern gift, the gift to strangers outside religious prescriptions, is to be distinguished from the traditional forms of gift in family and neighbourhood relations. Thus, he mentions the unconditionality of violence under the unconditional command, the impossible unconditional conditionality of contract or the unconditional unconditionality of love. The gift relationship is described as a conditioned unconditionality (*inconditionnalité conditionnelle*), i.e. 'that in which each one compromises to give unconditionally to each other but is also prepared to leave the game at any moment if the others are not playing it' (Caillé 1998, 81). The unconditionality derives from the need for total trust without condition, of which the gift is a symbol.[28] This means that there is an element of freedom in this relationship as the one who gives never knows if the gift is going to be accepted or reciprocated, even if social norms point to that obligation.

[27] The concept was supplemented by 'linking social capital' that seeks to re-establish the connection to the political system, a move that occurs when organisations reclaim participation in policy decisions (Jochum et al. 2005).

[28] In a critique of liberalism, Walzer (2006) also uses 'involuntary organisations' to denote all the conditions and belongings that are attached to individuals and prevent them from circulating freely between communities.

The alternative to the term non-profit or even TS is civil society, and many of the scholars originally involved in the ‘invention’ of the sector now prefer civil society (Van Til and Ross 2001). In its many variants it provides a way to observe the political system. In these observations, the historical semantics of the concept often draws from de Tocqueville’s discussion about associations as the basis for democracy and reveals its connection with the political transitions of the Eastern and Central European and Latin American countries. Like the TS, the concept of civil society is placed between the market and the state but, in its self-description, the emphasis falls on the political and cultural rather than on the economic or social of the third or non-profit sector (Heinrich 2005; Fowler 2010). Nevertheless, there are variants concerning this sphere – and its absences.[29] In terms of variants, civil society may be associated with solidarity and social cohesion and, sometimes, this version is associated with the concept of social capital. So, to Anheier, civil society is ‘the sphere of institutions, organisations and individuals between the family, the state and the market in which people associate voluntarily to advance common interests’ (2004, 22). In a Habermasian version, civil society is related to deliberative democracy (Hüller and Kohler-Koch 2008).

Deckker’s (2010) description of the meaning of civil society shows the historical contingency of its boundaries. First, civil society emerged in the second half of the 17th century as a sphere of freedom, self-regulation and political influence in the rise of the bourgeois society, then, as the economy gained autonomy from society, civil society came to be described in opposition both to the state and the market, and in the second half of the 20th century it became also opposed to the intimate and private sphere and associated to public life. It is this reference to the public, and particularly

[29] For a review of the concept, see Cohen and Arato (1994).

to the political that characterizes the main discussions when the concepts of social capital and civil society are conflated.[30]

On the side of the economy, one finds the descriptions of the TS as non-profit or not-for-profit, but also the semantics of social and solidarity economy, more typical of continental Europe and Latin America. Traditionally, the social economy is described by the legal status of organisations – associations, cooperatives and mutuals – and by a set of governing principles such as primacy to the goal of service to its members or the community – and not of profit –, governance autonomy, and democracy and equality in the decision-making processes (Defourny 2005). For Bidet (2000), the emergence of the concept of social economy extends Walras' distinction between *social economy* as an intermediary level of the economic science concerned with moral and political economy and *pure economics* concerned with the natural laws of economic behaviour.

Some observations of social economy and TS in Europe use Polanyi's typology of three principles of economic distribution: reciprocity, exchange and redistribution. These are typical of, respectively, community/family, market and state. Each type of economy is dominated by one principle (Evers and Laville 2004b). These authors consider that the TS articulates all these principles, while others consider that the dominant principle is reciprocity (Adaman and Madra 2002). Observations of the social or/and solidarity economy (which are many) usually criticise the market economy and the imaginary of the economic system as isolated from the other spheres (Laville et al. 2005). The sphere of solidarity economy is constituted by interpersonal solidarity, reciprocity and equality and is oriented to society and the interdependencies

[30] Jobert (2008) discusses how the concept of civil society has been reinterpreted to be incorporated in different political projects (neocorporativism, neoconservantism, Third Way and the public sphere). Somers mentions the conceptual failure of civil society discourse to establish itself firmly as a space in between market and state, 'a place where citizens can participate in the practices of citizenship free of both coercion and competition' (1999, 122-123).

between human and nature (Laville 2005b). On the other side, conceiving the market forms as a strategic resource, one finds the concepts of social enterprise (SE) or even social entrepreneurship, which in its European Continental inspiration connects to the concept of social economy (Borzaga and Defourny 2001) and is described in the Anglo-Saxon tradition as closer to the market economy (Young 2003). The semantics of social and solidarity economy link the TS to the concept of civil society, particularly the Habermasian public sphere. So there are proposals for 'public action' to include common action oriented to public engagement (civil society) and the institutionalization of rules of collective life (political institutions, including government and law). In the epistemic community of scholars and activists concerned with the social and solidarity economy, these forms are equated with alternative ways of observing the economy. This shows the contingency of the self-description of the economy as the market (Laville and Cattani 2005; Cattani et al. 2009).

Finally, there is the idea of hybrids where TSOs were observed as mediating the rationalities of state, market and community – as mixes in the welfare mix (Evers 1995). These descriptions, many of which focus on organisations, tend to note that TSOs include multiple roles or functions such as the delivery of services, innovation in services, leadership development, advocacy, democratization, expression, value maintenance, community building. These different roles, identified by Neumayer and Meyer (2010) in literature, seem to be clustered around three systems, economic for the service dimension, political for the advocacy dimension and community for the community building activities. The role of community building is described as 'establishing and consolidating relationships between individuals and/or organisations […] into a larger milieu where they can learn norms and create trust and reciprocity' (Neumayr and Meyer 2010, 209).

There is a growing literature on the sector as a hybrid, describing both the rationality in this field and the organisations, networks and persons in it. Evers (2005) connects the hybridity of TSOs to the transformations of the welfare state. He states that hybridity refers not just to the coexistence of different governance mechanisms in specific service systems and institutions, but also to the inner structure of services of the providing institutions. Vandenberghe refers to the associative sector as 'combining the logic of the reciprocal gift with the competitive logic of the free market and the redistributive logic of the egalitarian state' being 'an institutional hybrid of the market, the non-market and the non-monetary economy' (Vandenberghe 2002, 42). Enjolras (2001) sees the social economy as a coordination mechanism that creates compromises between the different coordination mechanisms, overcoming their failures. He argues that it conciliates market and hierarchy through transforming private interest in common interest through democratic control and debate; conciliate the tension between market and reciprocity (community) through allowing autonomy in the context of personal solidarity relations, and reduce the tension between hierarchy and reciprocity by personalising and individualising services and considering the particularities of communities while still allowing for equality of access to services. Enjolras emphasises the associational form as that which enables inter-subjectivity-based communicative action. He argues that in the association, there is a discursive formation of will where the possibility for universalising particular interests is tested, through the internal processes of deliberation, to form a rational consensus. The parallels with network governance are visible.

4. Conclusion

This chapter has developed the abstract framework for observing the role of the Third Sector in governance. Rather than proposing a unifying theory and, therefore, opting for the simplistic complexity of general rules (Geyer 2003), I develop an analytical framework to open observation to the multiple observations of governance and the TS. I presented some systems-theoretical elements to clarify what it means to describe governance and the TS as observations and develop a strategic-relational approach to observation.

Luhmann's argument is that descriptions of the welfare state as 'an historical process of increasing social engagements and activities' is only a partial description (1990a, 170). He argues that this is a self-description of the state that gives no access to the 'hidden paradox of the system' (1990a, 171). The hidden paradox is the problem of hypercomplexity. As the political system increases its activities and responsibilities, the impact on its environment (human, social and environment) increases: 'This has the effect that again and again new problems and solutions spring up from old solutions' (1990a, 171). There are always side-effects and 'unforeseeable, "counterintuitive" consequences' (1990a, 171). Specifically, 'whereas the constitutional state could rely to a large extent on the mechanisms of negative feedback, eliminating deviations from the law or eventually adapting the law by a slow process of juridical change, the welfare state has to cope with positive feedback, with increasing deviation as the very structure of its own policies' (1990a, 171).

Network governance, as a solution to the problems of functional differentiation and a tool for societal steering, is a challenge for the TS. In discussing TSOs in partnerships, Andersen notes how it offers an opportunity to participate in the definition of welfare; but he adds that, 'from the perspective of the political system, the voluntary organisation is always one to be governed. This is the case even when the invitation is in the name of dialogue with an emphasis on empowerment and capacity building' (Andersen 2008, 145). Besides this, I argue, network governance is also a challenge because the TS is invited to step to the side of the governor while being praised for its non-governmental features. It is on the other side of the part-whole paradox of the state.

Different observations of the third sector are context-dependent and related to specific political projects. The emergence of a sector is, first of all, a strategic move by some actors who were soon joined by thinkers and scholars to help consolidate the concept.[31] But these are not the only ones inventing the sector, as the political system, mainly through its steering mechanisms of law and money, selectively shapes the semantics of the sector for specific policies. Furthermore, as research has shown, variations in TS semantics are rooted in specific contexts, with national differences (Ferreira 2005; Defourny and Pestoff 2008), but also with diversity within the same country. Indeed, this tends to increase as the TS comes to be observed by an increasing number of systems. England is exemplary in this regard due to the centrality that the sector gained in government discourses. To understand this, the next chapter is dedicated to analyse the history of the invention of the TS in England until the present situation of hypercomplexity.

[31] For a description of the strategies of creating a sector in the USA and in France, see Hall (2002) and Defourny (1992).

Chapter 3

From inventing the local third sector to hypercomplexity

In this empirical chapter I describe the discursive and material invention of the third sector at local and national levels. I consider that there is a local and a national TS that exists beyond organisations, projects, social interactions and individuals. Thus, I establish the TS as a discursive and material field with specific structures for observation and as co-evolving with the welfare state in Britain. Therefore, I develop a historical analysis from the moment the first local structure of the observation of a sector was set up – CVS – to the centrality that the TS gained in Labour's Third Way – challenging the roles of this same structure. This chapter is the entry point in this thesis to the discourses, practices, self-descriptions and structures of the local TS and to the challenges of its participation in the shift from government to governance. After presenting the different stages in the relationship between the TS and the welfare state and the development of the CVS as an intermediary of the local TS, I discuss existing continuities in discontinuities and discontinuities in continuities as these relate to complex dynamics. It will become evident that, when they interact in concrete situations, policies and semantics are often contradictory

I consider that the TS is constituted through self-descriptions of the sector and the structures created for its observation. Among the most important are intermediaries, policies directed to the sector and reflection-theories of the sector. These observers steer the sector by producing observations about differences to minimize (Luhmann 2002). With the concept of reflection-theories (Luhmann 1990a), I am indicating the theoretical production of the epistemic community specialized in TS studies and theories of the sector produced in other places.[32] As Halfpenny and Reid acknowledge, 'academics have played a role in making the voluntary sector more visible' (2002, 535). In considering the intermediaries, I mostly examine organisations whose membership are TSOs and also described under names such as peak or umbrella organisations. The signifier 'intermediary' signifies their role in intermediating between the sector and its environment, having also a constitutive role of the sector they represent, support and advocate. Policies establish couplings connecting the TS to broader political programs and steer the sector towards these adjustments by means of money, laws and discourses.

Rather than providing descriptive data of this real concrete at first-order level of observation and describe it as a sector, as reflection-theories have done (Chaves and Monzon 2007; Salamon, Sokolowski, and Associates 2004; Halfpenny and Reid 2002), I chose to describe the self-descriptions of 'sector' privileging the observers and observations that support the existence of this sector. I am adopting the standpoint of a second-order observer, observing the observations that describe a sector as existing.

A description of the invention of the TS in the UK has been provided by Kendall (2000), who studied communications within the political system between government and national intermediary organisations.[33] More critical of this invention are 6 and Leat (1997), who describe the role of intermediaries and political movements at

[32] Reflection-theories, for Luhmann, 'restrict themselves to particular systems of functions and deal with their specific problems' (1995, 17), but, regarding the interdisciplinary scholarship in TS studies, one can identify both the observation of the TS by reflection-theories associated with different functional systems and the establishment of an academic community around and supporting the observation of a distinct TS.

[33] For an analysis of the corporatist aspects of the relationship between national intermediaries and government, see (Wilson and Butler 1985).

national level to invent a field of public policy. At the local level, sector structuration and relations with government are less organised (McLaughlin and Osborne 2003).

I now look at the historical discursive and material elements that help shaping the self-observations and self-descriptions of a local TS. My entry point is the local intermediary, called Centre for Voluntary Services (CVS). I ‘indicate’ it as the local structure for observation of the local TS describing how the setting up of this structure also produces the observation of a local sector. I see it as an organisation composed of decisions, personnel, programmes and communication channels (Luhmann 2005; Seidl 2005).

I will examine its roles as intermediary, identifying both the features that allow the CVS observations in its role as intermediary and its intermediation of policies as well as the policies constituting it as intermediary.

Peak and umbrella organisations often intermediate between the several systems and organisations representing their interests or even the interests of these organisations’ clients, but also communicating back to these organisations government policies and orientations (Melville 1999). If not working as a direct channel for regulatory initiatives of the government towards the sector – which also happens –, they can still improve steering by the political system by making policies communicable, for instance, when producing policy reports describing how a given policy is going to affect the sector or organising a meeting between government and TSO officers to discuss a new policy. But intermediaries also produce a ‘sector’ by making it observable, describing it in terms of a common number of shared features, calculating its numbers, representing its interests as sector, i.e., communicating its existence to different systems.[34] Furthermore, they have an important role in creating and shaping organisations, networks and interactions that populate the sector.

The annual reports of the CVS, the entry point for my observation, are also intermediations in the sense that they are a self-description of the organisation to be presented to its internal and external stakeholders, namely, to be approved by the members in the AGM, presented to funding bodies or to the wider public if the organisation chooses to publicize these documents. They are simplifying self-descriptions aiming at communicating the organisation as a unity to its stakeholders. The reports include the elements of the organisation: the staff, the formal communication channels and the programmes. When an annual report or a business plan is approved in an AGM, decisions are taken.

Complex systems have a history in that they learn from the past events to determine their present states. Their change capacity and present futures are influenced by previous choices (as present pasts) that contribute to produce structures which influence what gets to be selected and retained as further choices. Systems evolution may be studied by identifying different moments of variation, selection and retention (Jessop 2004). In conceptual history, we analyse how particular concepts such as TS may acquire new and multiple meanings, what meanings are selected and how they are retained through discursive and material operations and couplings to other structures and meanings.

In meaning systems, observing history implies selecting among a range of possible historical observations and self-descriptions. This is because ‘history is always the present past or the present future, always an abstention from pure sequence, and always a reduction from the freedom to have disjunctive access to everything past and

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[34] This type of bodies develops its own organisational self-referentiality as one created to create a sector; hence their existence depends on the existence of this sector.

everything future that is gained through this abstention' (Luhmann 1995, 80). History has causal effects as past decisions help to constitute expectations or are evoked in self-descriptions interpreting and justifying events and decisions. Therefore, any historical narrative is always a selection made in the present by a specific observer.

Understanding local governance requires accessing the memory of social systems by analysing existing semantics and shared meanings that derive from past collective experiences stored for further use, exemplary stories that are told or structures for observation that are in place. Path-dependency and feedback mechanisms that can be found in looking at past decisions help to explain how the elimination of the possible (Luhmann 2006, 23) occurs.

My selections happen in two ways. First, I consider the moments of organisational and environmental crisis. Second, I privilege past events that resonate in the present, therefore establishing their continuity. This results from the contact with the field, which provides information regarding which actors, practices, meanings, discourses and tensions should be retained in the light of their current relevance. From the researcher's perspective, the history that is retained is a present past that aims to contribute to the understanding of the present self-descriptions and self-observations.

Now, I articulate a genealogy (Foucault 2005) of self-descriptions leading to the discursive and material invention of a TS in the locality through the CVS, with a periodisation of the relationship between TS and the welfare state produced by reflection-theories of the TS such as that proposed by Lewis (1999). Through this genealogy I show the network of selections and couplings that helps shaping the current features of the local self-descriptions of a TS. The periodisation that frames the historical narrative in this chapter helps articulating the local history with broader processes of welfare state restructuring exploring particular institutional arrangements and discourses. Therefore, I will be using as entry point the history of the local CVS and as standpoint the relationship between the TS and the welfare state.

I mark discontinuity with the moments of crisis – both those that seem to be mostly due to internal conditions and those shaped by societal conjunctures given the coincidence with crisis in the environment. These moments provide the markers for the historical analysis because crises create the possibility for changes that may reinforce certain tendencies against others. In the crisis moments one finds the emergence and reassertion of certain semantics and meanings for the self-descriptions of the TS as well as concrete practices reinforcing particular structures. Crisis moments, and particularly organisational financial crisis in TSOs, create more resonance of the environment and, therefore, the possibility of changes induced from the environment for two reasons. First, because law and money are the means for effectuating the welfare state (Luhmann 1990a, 81), the tighter couplings between some TSOs (particularly service providers) and the welfare state make organisations particularly sensitive to the availability of these media to ensure the continuity of their operations.[35] Second, law and money are steering tools used by the political system to try to influence other systems and TSOs. This makes TSOs sensitive to irritations of the political system, but this does not mean that they are totally determined by its programmes.

Finally, although I am using the term third sector to connect it with the relevant reflection-theories and the meanings and contexts associated with the emergence of this concept, this particular term is not the dominant signifier in the UK. This is actually voluntary sector or voluntary and community sector. The New Labour government promoted the term third sector, by creating an Office for the Third Sector, indicating a new signified to include cooperatives and SEs alongside voluntary and

[35] This varies in terms of the dependency of a single source or the variety of sources, or the availability of other types of resources, such as voluntary work.

community organisations. But this concept was not adopted in TS self-descriptions and semantics.

Another concept gaining ground in tandem with the international trends is civil society. For instance, one of the national intermediaries, the NCVO, renamed its UK *Voluntary Sector Almanac*, perhaps the most important document for observing the sector, as *UK Civil Society Almanac* (Reichardt et al. 2008). This intermediary established a group to discuss issues of classification and definition, having identified several approaches for definition such as functional, economic, legal, the government definition and the structural-operational definition.[36] The chosen definition, which is used in the *Civil Society Almanac*, couples the UK TS to the international observations (Salamon and Anheier 1992a; 1992b). Finally, there are the voices that criticize the idea of sector, namely for the possibility that this observation brings to make the sector governable (6 and Leat 1997).

1. CVS as an intermediary organisation

The Council for Voluntary Service is an intermediary organisation in the sense that couples different organisations, institutions and sectors. Its manager says:

> The role of the CVS is to operate as an incubator for emerging groups. This is probably about one third of the work that the CVS does. Another third would be information and access to information that we would provide to the sector and the other third would be the representational role on the cusp between local authorities and the sector (TSO intermediary, manager).

According to its constitution,[37] its membership comprises the representatives of VOs and statutory authorities operating in the area that promote its charitable

[36] Personal communication from Oliver Reichardt (email 09/07/2007). The background paper for this discussion included the motto: 'define yourself or be defined'.
[37] This Constitution is based on the National Association of Councils for Voluntary Service (NACVS) Model Constitution for an unincorporated Council for Voluntary Service.

purposes, but its annual report for 2007/08 describes its membership as mainly local VOs. The CVS provides services to TSOs in the district and represents the local TS. Besides supporting small organisations setting up their legal matters of constitution and other legal rules, it also helps organisations to access funding by providing information on available sources and technical support in funding bids. It provides training in organisations' management and volunteers related issues and information on policy, facilitating observation to several systems, including health, welfare, legal, education and so on. It helps to transform noise produced by these systems in information, through demonstrating the relevance of policies. It is presently coordinating sector and sub-sector forums and networks, disseminating information on local organisations initiatives, managing two grant funds for small scale initiatives.

The CVS is funded 15% and 30% respectively by the district and county authorities, through an SLA for its work as intermediary and support organisation. The remaining funding mostly comes from management charges from the projects that it runs, which are presently around 7 to 8 (interview, CVS). Some of these projects place the CVS alongside frontline organisations as a service provider but others are related to its roles as intermediary. One, however, is a project funded by the LSP to bring capacity to the local sector and improve participation in the LSP. In 2008, its staff included 13 persons, 2 of them volunteers and 3 full-time workers.[38]

It is the main body responsible for observing the sector locally. It does this by producing a directory of VCOs, disseminating information through newsletters and organising sector meetings and events. It also represents the sector in public bodies and in partnerships, and it is the place that public organisations and agents address to deal with TS issues. Its territorial scope is that of the district, coinciding with the local

[38] Annual Report and Financial Statements 2007-08.

authority territory. It also produces observation of the local TS to bodies above the scale of the district, such as the Consortium or the national umbrella where it is affiliated, NAVCA.

The CVS is involved in a regional-scale Consortium of VCFS organisations and is the local coordinator of a Hub and a VCFS Forum. The local Hub includes 20 members from diverse TSOs[39] to represent the diversity of organisations, including most of the largest VCOs in the district. It basically consists of a periodic meeting of organisations to discuss and decide on issues of local relevance to the sector. The CVS is also organising periodically a CVFS Forum that includes potentially all TSOs in the district. The events of this Forum include networking and mutual knowledge, information on policy changes with public officers and experts as invited speakers, information on potential funding sources and training.

The CVS also coordinates, in partnership with the county council development agency, a Social Enterprise group, which produced a plan for promoting SEs (interview, Social Enterprise Group coordinator). Finally, it also coordinates a multiagency forum of TSOs associated to the local neighbourhood regeneration programme. In conclusion, it is involved in the diverse governmental agendas for the TS.

1.1. The formation: 1972–1977[40]

The formation of the CVS occurred during the period when the VS was described as an 'extension ladder' – a version coined and defended by the Webbs in 1912 and Beveridge in 1948 (Lewis 1999) –, with voluntary action supplementing or complementing the welfare state. This happened when the state assumed

[39] Youth, community development, equality and diversity, mental health, sustainability/social enterprise, citizen's advice, citizen's advocacy, carers, older people, community centres, rural community organisations, and sub-sector umbrellas.

[40] The information concerning the CVS comes from its annual reports.

responsibility for the inclusion of all population in welfare under the Beveridgian proposal for a universal minimum protection. Beveridge himself offered an observation of this complementary place in a third report dedicated to voluntary action (Beveridge 1948). The idea was that voluntary action participates in the common good that the welfare state installs and organisations were entitled to state support to play this role, while they also provided complementary resources from volunteering, private philanthropy and other sources.

The formation of the CVS (and many others in the country) was a strategy of the national umbrella body NCSS,[41] during a major local government reorganisation, to replicate at local level the same representative functions that it performed at the national level (Lansley 1976). LG reorganisation intended to create new and strengthen existing local authorities' roles in welfare, providing them with new responsibilities and resources in areas such as social services, housing and education (Knight 1993, 25). This occurred in a context of an expanding VS due both to the charitable tradition and the expansion of the welfare state and in a period where the state was under pressure to expand the welfare safety net. New semantics were also emerging since the 1960s, with a new VS, particularly addressing the gaps of the public universalistic services, including organisations campaigning for these issues or evolving from the functions that were taken over by the state (Commission on the Future of the Voluntary Sector 1996, 49-50). These semantics associated the criticisms of the rigidity and insufficiency of the state with the solutions to social problems provided with the concourse of VOs, community groups, community development and community participation, and had expression in some policy

[41] CVS records show that it modelled itself in the NCSS, namely for its Constitution (Letter in January 1972, inviting organisations to attend a meeting for the constitution of a Council of Community Service. The letter is signed by a priest).

initiatives[42] (Knight 1993). Another author describes new ideas of a more responsive and participated public sector and the valuing of the VS as promoter of citizen's participation and as expert (Deakin 1995).

The membership of the CVS, five years after being set up, illustrates the mix of the new type of VOs with more traditional ones: numerous churches and church-related organisations, community associations, age-based groups, particularly for the elderly, disability and patients organisations, philanthropic organisations, such as the Lions and the Rotary, women organisations, such as the Soroptimists, organisations for family issues and a CAB. But there are also some missing organisations from this new national landscape, like consumer co-ops, community arts groups, environmental pressure groups, neighbourhood schemes, citizen action groups and self-help initiatives in ethnic communities, which are until now absent or relatively scarce in numbers (co-ops and ethnic communities) and marginal in relation to the local TS (environmental, arts and citizen action groups).

From its records it is possible to see that during this period the CVS is essentially volunteer run, with one part-time secretary and borrowed office accommodation. It receives funding from local trusts and from the county council social services. Its roles are mainly of liaison and to represent or organise representation of VOs or even the 'community' in statutory bodies. Its reports describe it organising the election of the VO representatives in the Community Health Council, a watchdog created in 1974 to represent the interests of the public in the NHS in the context of the policies to increase public participation in welfare administration. In its development work, the first tasks of the CVS were also related with emerging issues like producing evidence

[42] One example is said to be a governmental programme, called Urban Programme, since 1969.

regarding homelessness and the need to create a night shelter, which was then established as an independent organisation.

1.2. The crisis of the welfare state and the Wolfenden report

Nationally, the Wolfenden Report (Wolfenden 1978) was produced during the economic crisis that England and most of western countries went through in the 1970s. It precedes the rise of the Conservative government and is closely related to the crisis and criticism of the Beveridgian model (for insufficiency) or the welfare state overall (for excess). The report resonates the situation at the local level through quoting survey data from the local CVSs about perspectives for future expansion. It reports the impacts of the economic crisis pointing out to a trend to halting the expansion of VCOs as a consequence, but not of retrenchment.

This report, inspired by the extension ladder description of the VCS in welfare, is described in the reflection-theories as the landmark of the invention of the 'sector' (Kendall 2000). It pioneered the use of the sector terminology and built the argument around an observation of the four sectors – statutory, commercial, voluntary and informal – relating them to welfare through comparing their respective and complementary advantages, as shown in Table 3.

Table 3 – Observations of the complementarity between four distinct sectors (Wolfenden Report)

Commercial sector	Informal sector	Statutory sector	Voluntary sector
Advantages: None pointed.	**Advantages:** Spontaneity and flexibility; Attracts support and loyalty.	**Advantages:** Universal coverage, sharing risks, equity, standards, planning and democratic control.	**Advantages:** Innovation, user's choice, attracts extra resources, needs not taken up by statutory, spontaneity and flexibility, attracts support and loyalty, opportunities for political participation, more able to involve users.
Disadvantages: Only affordable to the wealthiest members of society; Unable to provide for public goods, like protecting the environment.	**Disadvantages**: Not adequate for services needing professional expertise, expensive infrastructure; Inadequate to meet financial needs of lower classes.	**Disadvantages**: Costly, bureaucracy, inflexibility, resist innovation, remote and impersonal to users, difficult to change through represen. dem. mechanisms, deters direct involvement of users in service provision.	**Disadvantages**: Not adequate for services needing profess. expertise, expensive infrastructure; Inadequate to meet financial needs of lower classes.

Source: Elaborated from Wolfenden Report (1978).

Through describing the history of welfare and voluntary action, the Report also marks the difference of the new welfare state arrangements and the new roles of the TS justifying the need for the TS to adjust. The programme of the Wolfenden Report (WR) emphasises the diversity of the sector and the plurality of roles, including provision, criticism and expertise.

The Report belongs to the observations offered by welfare pluralism, which Taylor (1992) characterises as a middle way between the new right and the collectivist welfare state. Deakin remarks that welfare pluralism offered two distinct political programmes, one of state-led coordination with the support of the sector, and another, called radical welfare pluralism, that would abandon statism in favour of self-help and community development and the prominent role of voluntary and informal sectors (Deakin 1995). Johnson (1987) considers that the most important difference within welfare pluralism lies in how the roles of provision, funding and regulation were conceived. One version was indifferent about which of the four sectors should provide, fund and regulate, the other presented their roles in complementary terms, the state being the final referee in quality assessment and enabler of the other sectors involvement in provision. It was the former meaning that was adopted by the Conservative government that selectively used the semantics of the VS for its welfare retrenchment objectives. The sector that the WR considered unsuitable to participate in welfare was the sector that seized the opportunities opened by the observations of the welfare pluralist framework.

As it happened with many VOs affected by the economic crisis, it was a grant from the Manpower Services Commission (MSC), which, according to its 1977 report, allowed the local CVS not just to survive but to increase its capacity, with the shift from one half-time secretary to six posts for administration and development work. The MSC was a QUANGO initially created by the Labour government to tackle the rising levels of unemployment through training and schemes aiming at getting the unemployed back to work, and encouraging volunteering. It was used more by the Conservative government so that, for some sector observers, the VCS ran the risk of becoming the MSC's delivery body (Deakin 1995; Sheard 1995). Perhaps it is because the funding from the MSC to the local CVS occurred in the beginnings of the programme and was lost two years later that the impacts of the MSC do not seem to have been felt the same way it was described in other CVSs. It did develop a community learning project under a community development philosophy that is still one of its projects nowadays.

During the first half of the 1980s, the CVS was in a critical financial situation, reflecting the general economic situation and Thatcher's 'assault' on local authorities after many of them developed policies opposed to those of the national government (Davies 2004). The records of the CVS state that the 'political and economic climate made financial assistance from local or central government impossible and this prevented the CVS to carry all the duties in its role' (Annual Report 1980-81).

1.3. 1986–1990: Creating the local sector

The year 1986 marks the shift in the CVS funding, coupling it further to national government programmes. The steering mechanism is the Local Development Agencies Development Fund, a national fund targeting intermediary organisations,[43] associating money to a set of conditions to be included in the programmes of organisations. This funding changed the face of the CVS both in its programmes and personnel, and it contributed locally to the invention of a local VS. According to the Annual Report 1985-86, the fund identifies a set of roles that the CVS should undertake to be supported. These are more or less those that the WR identified for intermediary organisations, such as development of VOs, providing support services and resources, liaison between VOs and representation of the sector. In addition, there is a set of conditions concerning internal governance, the duty to promote volunteering, the commitment to attract non-statutory funding and to maintain political neutrality. As its Annual Reports show, the roles envisioned by the funding conditions are present in the activities performed. Its development work identifies needs and sets up means to solve them and intensifies collaboration with statutory bodies or public officers in identifying needs and setting up projects or organisations. Through such work, the CVS helps to articulate needs and develop services outside public provision.

The liaison role of the CVS also intensified and there was a strategy of 'inventing' a sector through activities such as organising regular meetings and networking

[43] This policy seemed to have the involvement of the NCVO at the national level, as the funds reached the CVS through a NCVO LDA.

opportunities among VCOs, publicizing the CVS roles with organisations, producing a newsletter and a directory and developing contacts with county and regional VS intermediaries. This helps to produce a unity of a local sector and strengthens a common identity through intensifying mutual contacts and knowledge. I found many of these activities were still being pursued by the CVS and were highly valued by organisations.

Within the services and resources role, the CVS intermediates between policies and VCOs communicating the communications of the political system through conferences and courses on themes like the changes in social security, community transport, the new equal opportunities legislation, the new payroll giving legislation and community trusts.

In the representation role, one finds two types of work. One is organising sector representation in statutory or consultative bodies, such as the Community Health Council and the new Joint Planning bodies; the other is participating directly in these bodies as representative or as expert (or both).[44] The CVS organises the representation of the sector in a Joint Consultative Committee, an advisory body including officers and VS members for a Joint Care Planning Team that aims to involve the sector in joint planning of services. It participates directly in the Joint Care Planning Team as expert and communication channel between the statutory and the VS.

1.4. From extension ladder to alternative provider

Lewis (1999) describes a third period in the relationship between the TS and the government when the VCS abandoned the role of 'extension ladder' to substitute for

[44] Joint Planning is a process whereby the major provider organisations – health, social services, education, housing, family – plan services collectively. The Joint Planning structure involved a consultative group, which has three representatives of the sector, an officer's team that makes recommendations to the consultative body, and teams for planning delivery for specific client groups.

the state in welfare provision alongside the commercial sector. As Lewis remarks, this results from the policies of the Conservative governments, which observe the VS only as service provider in the same standing as the commercial sector. Lewis says that, among the changes associated to this period, generous funding to the sector comes associated with the replacement of the usual funding through grants by contracts for specific tasks. Knight mentions that the tightening of control is associated with the funding instruments: ‘objectives had to be clear, targets defined, timescales met, responsibility for tasks defined, and processes and outcomes monitored and evaluated’ to guarantee ‘economy, efficiency, and effectiveness in the use of the moneys’ (Knight 1993, 39). MacLaughlin and Osborne (2003) say that the VCS is removed from the policy process to be regarded only as service provider.

More concretely, this is a much slower process with some elements suggesting to a new relationship, while others showing the persistence of many elements from the previous observations of the sector.[45] This is why the previous period saw the CVS help to establish organisations outside the public system to answer welfare needs whilst also operating under the framework of roles drawn by the WR.

The shift seems to involve policies such as Care in the Community. Here, services must be adjusted to the interests of users as consumers that are consulted and involved in the provision (Langan 1990). Local authorities are required to consult with the independent sector about the preparation of the Community Care Plans (Deakin 1996). It includes emphasis on informal and community care and criticism of bureaucracy and standardized services.

[45] In a study to national organisations Kramer (1990) also concludes that until 1988 there are no major changes in TSOs. Organisations became larger and more professionalized and bureaucratized but their governance, organisational structure, income sources, service programmes and advocacy remained the same.

Through the separation between provider and purchaser in social services and health, the public sector need not be the provider of statutory services (Wistow et al. 1992). Competition among providers – public, private and voluntary – is favoured and managerial principles introduced in the public sector. New legislation affects the role of local authorities in welfare, such as the possibility of opting out from LA education and housing services, and Compulsory Tendering requiring that some LA services were placed in competition with private and voluntary providers, both described as 'independent sector'. The LA became an enabler of independent provision (Deakin 1995, 33). Some VOs became alternative or even dominant service providers (Deakin 1996) and there was an increase in number of VOs (Tonkiss and Passey 2001). The intermediary bodies were supposed to maintain the liaison between statutory and TSOs, coordinate the TS, develop new agencies or services and ensure the availability of independent provision (Lansley 1996, 23).

All these new policies also brought new descriptions of the TS and the shift from grants to contracts, or the contract culture (6 and Kendall 1997); TS reflection-theories came to describe this as threatening the 'nature' of the sector. This marks a change from observing TSOs as trustworthy partners for sharing the purposes of the welfare state to a differentiation between organisations and its service providing activities. This made the services observable by the economy and put it into competition in the market. Once its activities were separated from the rest of the organisation they could be directed to specific purposes of the funding agency with contracts that specify what was to be provided. Service Level Agreements (SLAs) were part of this trajectory as they became the preferred form for the relationship between state and TS at all levels, as a contract describing what services were to be provided and how they were paid.[46]

[46] However, observed from the present, SLAs are described as providing more degrees of freedom than procurement (Chapter 8).

1.5. 1990–1996: Overburdened by partnership work

In 1990-91 the funding sources of the CVS changed again and they were coupled to the new policies. The new funding came from the Joint Finance Initiative that was aimed at supporting local authority and community based projects to implement Care in the Community. According to the Annual Report 1990-91, the CVS participated in the changes brought by the Community Care White Paper by facilitating the consultation process about the implementation of the White Paper and organising consultation on the VS regarding the Community Care Plan that local authorities had to produce in consultation with users, carers, relevant local organisations, health and housing services. Two years later, the CVS participated in a working group to produce the Community Care Plan for the district.

But these changes were implemented slowly and faced structural and strategic resistance as local authorities delayed their implementation (Wistow et al. 1992; Kramer 1990). The CVS Annual Report 1992-1993 expresses frustration about the work with the statutory sector: joint planning was non-existent particularly as an impending review of public services prevented normal work. There was also frustration over the outcomes of the consultation for the Community Care Plan because the final document differed from organisations' input due to the need to target simultaneously the planners, the public, and the workers. The consultation cynicism often found nowadays among local TSOs can be traced back to this moment.

The previous structure of Joint Planning was retained until 1993, when the Joint Care Planning Team was replaced by a Joint Commissioning Team, while the consultative committee and the working groups were kept. The CVS is directly represented in the team of senior purchasing officers, and organises sector representation in the Joint Commissioning structure: it sits and organises representation of the sector in the joint consultative committee, and was invited to sit in all eleven task groups and coordinate one of them. The CVS refused this invitation because it lacked relevant capacity.

The Annual Report 1989-1990 complained that the work of representation and organising *and supporting* VS representation was overburdening the CVS. The 1995-1996 Report mentions that the CVS's 'professional' role as an expert partner of the statutory sector in decision-making teams fits badly with its representative role. The tension between the role of the TS as expert and advocate has tended to grow with the increasing use of the partnership policies and survives until today.

The self-acknowledged lack of organisational capacity was reinforced through participation in a new stream of policies (Annual Report 1991-92) and increasing engagement since 1992 with a new partner, the district LA which started to fund the CVS systematically. This collaboration was related to area-based regeneration initiatives, such as City Challenge (1992-) and the Single Regeneration Budget (1994-) and resulted from the national government requirement that local councils consulted and engaged with partnerships with the local community (including community and voluntary organisations and local businesses) (Bailey 2005). This involvement was justified both in terms of greater democracy and cost effectiveness, a justification based on the ethos of the NPM (Atkinson 1999). Observers of the TS in these policies disagree whether greater democracy or TS participation were achieved. Burgess et al. (2001) argue that policies are top-down and controlled by national government QUANGOS and the local government bureaucracy; and McLaughlin and Osborne (2003) say that real participation of the VS in these partnerships was lower than that of public or commercial agents.

As the local council's City Challenge bid succeeded, in 1992, the CVS was further involved in other regeneration partnerships. One example is its role as managing organisation in a new inter-agency centre project in the regeneration area in collaboration with the housing services, the county social services and the health authority. This was considered easier than establishing a partnership organisation (Annual Report 1992-93). Besides the regeneration policies, the CVS coupled with the district Council in other issues, such as housing management and homelessness, facilitating a forum of VOs dealing with homelessness related issues and participated in the council homelessness strategy, which, again, is a statutory requirement of central government. These activities are still found nowadays. The CVS also worked with the local council in the governance of relations with the TS through its participation in designing the SLA model for local organisations (Annual Report 1993-94).

In 1994, as a result of Community Care and health legislation, the CVS reviewed its work and challenges posed by the changing relation between the voluntary and the statutory sector. The CVS justifies its existence in the roles of support, representation, services to VOs, helping to identify needs in the community, and being part of the solution to meet them (Annual Report 1994-1995). Invoking the need to support VOs affected by the policy changes and staff overwork, the CVS made a new bid to the Joint Finance Initiative.

1.6. The Deakin and the Centris Reports

Nationally, the Conservative government's final years witnessed two competing major reports on the nature of the sector, if, indeed, it existed at all, its place in welfare, its relationship with the state, and the role of intermediaries. These documents are the

Centris Report (Knight 1993) and the Deakin Report (Commission… 1996), both described as independent, the former commissioned by the Home Office (HO), the latter commissioned to Nicholas Deakin by the NCVO.[47] Both were reactions to an official report (Home Office 1990), which argued that funding to the sector should be tied to government goals and its work should, like business, be cost-effective and efficient. Knight argues that the Home Office Report turned the partnership between state and voluntary action into a contractual relationship (Knight 1993, 40). Both reports revived a semantics of the sector and voluntary action that had since disappeared: its contribution to democracy, citizenship, participation, social cohesion, and social change. But they recommended different strategies for the return of the political to the sector.

The Centris Report divided the sector in two: a *first force* and a *third force*. The latter was the part of the sector being targeted by government policies to contract public services with service providers and philanthropic organisations. The third force should be placed under the observation proposed by the HO (Knight 1993, 40-41). Conversely, the first force, released from the mechanisms intended to integrate the TS into the welfare state, would re-introduce the semantics of the 1970s social movement as vision-led, oriented to social change, mobilization and solidarity. It should be kept away from government, including public money, to preserve its independence. The Centris Report argued that intermediary organisations, even though they had helped to create the third force, would be redundant because the market could provide many of its services. This was one of several proposals that made the report unpopular. Unsurprisingly, the NCVO promoted a second report that was closer to the perspectives of the main intermediary organisations (Kendall 2000).

[47] Most representatives were from VOs; one came from a local authority and one from business.

The Deakin Report, as it became known, argued that the VS should combine services provision and advocacy, proposing to observe the sector as mixes in the welfare mix:

> This model presents the voluntary sector as performing a positive, active role, not simply doing whatever doesn't fit into any other sector. Some organisations will fill gaps in services and some will challenge values and practices, others do both, and more. Voluntary actors act as brokers and links between market, the state and individuals and their families. They make connections and cross boundaries in ideas, in resources and through people. Some may be closer to the market or particular parts of the state; others are nearer in their structure, values and language to the personal or family domain (Commission on the Future of the Voluntary Sector 1996, 26).

New Labour accepted the framework of the Deakin Commission, used its sectoral observations and implemented some proposals (McLaughlin and Osborne 2003). The change of government involved a rhetorical demarcation from the Thatcher-Major period but did not effect a return to welfare state semantics. Instead, the new arrangement was carefully positioned between statism, linked to the welfare state, and liberalism, associated with the Conservative government. As in the transition to the Conservative governments, the TS was a good semantic ally in building these distinctions because it already included the idea of an intermediary space between state and market. This observation allowed New Labour jettison Clause IV of the Labour Party Constitution in favour of a commitment to the market and competition as well as partnership and cooperation (Morison 2000). This exemplifies the New Labour rhetoric that 'both draws attention to assumed incompatibilities, and denies them' (Fairclough 2000, 10). Fairclough argues that New Labour used communitarianism to differentiate itself both from Thatcherite Conservatism and old Labour socialism. Likewise, Taylor identifies the community discourse as a 'third way' between market and state as one of the distinctive marks of new Labour (2007). Tenbensel argues that New Labour communitarianism differs from the neo-liberal enthusiasm for public involvement because 'organisations became the face of communities rather than randomly selected collections of individual citizens' (2005, 277).

The Deakin Report argued that, due to the diversity of the government structure, the multiplication of relations between government departments and VCOs and the diverse roles that the TS plays, a single integrated governmental policy towards the sector is neither practical nor desirable. It therefore recommended a concordat between representatives of the government and of the sector, 'laying down basic principles for future relations' (Commission… 1996, 4). This recommendation led to a Compact, signed in 1998, which signified the critical place of the TS in Third Way politics.[48] Thus Kendall characterises it as the first 'purposive stance towards a third sector per se', which 'become mainstreamed into central government's public policy agenda' instead of the previous piecemeal and ad hoc policy (Kendall 2000, 542). Lewis states that, in backing the Compact, the New Labour government '[s]peaks of the voluntary sector as an equal partner alongside the state and the market, and which emphasizes its contribution to community and civil life over and above any arguments based on economic efficiency' (Lewis 1999, 267). But, as we will see, speaking of the TS as an equal does not make it an equal in practice.

The National Compact can be described as a second-order contract, i.e. it is an agreement about agreeing (cf. Andersen 2008). The Compact is an observation establishing two sides, Government and the VS, each observed as autonomous and internally coherent sectors.[49] The Compact observes the TS as a specific partner with both economic and political relationships with the government. While the economic observation respects the funding and service provision relations between the government and the TS, the political observation anticipates New Labour's vision of

[48] Plowden (2003) provides a history of the Compact.
[49] Subsequent Codes of the Compact observed some internal differences on the sector.

the role of TSOs in campaigning, advocacy and challenge of policy – in line with the agenda of the Deakin report.[50] Observing the relationship between government and the TS, McLaughlin and Osborne (2003) note that the Compact includes the ideas of co-production and co-governance.

The Compact was proposed as the framework for local level relationships between government and TS (DETR 2001) and elaborated into local compacts as 'formally agreed ways of working between the voluntary and community sector and the local statutory bodies which can help clarify acceptable ways of working, respective roles etc. (ODPM 2005a, 32). Local Compacts have been used as the basis for the new partnerships such as the LSPs.[51] In fact, one could argue that the Compact creates the TS as a partner for the LSP (see Chapter 7).

1.7. Hypercomplexity in the Third Sector observations of the New Labour

During New Labour governments, until 2006, one can find three different government departments with three different observations of the TS for three different political projects. These are the Home Office, which has been historically the home of TS governance, HM Treasury, assuming an unparallel interest in the sector (Kendall and Taylor 2010), and the Department of Trade and Industry. The first connects the TS to the communitarian agenda of New Labour, the second to public services provision, and the third connects to economic regeneration.[52]

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[50] For example, the political role of TSOs is a recurrent theme in the Speeches of the Minister for the Third Sector, Ed Miliband. For instance, he says 'Government cannot campaign against itself, and political change happens because of pressure and struggle. Change would not have occurred in any of these areas without the third sector' (Miliband 'Changing Lives, Changing Society', Hinton Lecture, 2006).

[51] This happened in 71% of all LSPs, ranging from 60% of non-NRFs to 98% of NRFs.

[52] This semantics came first under the frame of the National Strategy for Neighbourhood Renewal and was seen as an opportunity for those clients and services which are not profitable enough to be of concern of the mainstream economy or bridge to the mainstream economy as a source of training and experience for the unemployed (HM Treasury 1999).

In 2006, an Office for the Third Sector (OTS) was set up in the Cabinet Office. The TS gained a higher profile in government and a single observing unit to observe it as a unity,[53] although this unit actually incorporated the variety of observations. The Office for the Third Sector constructs the TS unity by incorporating the Active Communities Directorate of the Home Office and the Social Enterprise Unit. It also adopts the observations of the HM Treasury for the sector. The new and most relevant observation is the insistence on the political role of the TS and concrete policies to enhance this role. Voice and campaigning are defined as 'a range of activities by organisations "to influence others in order to effect an identified and desired social, economic, environmental or political change"' (HM Treasury 2007a, 17).[54] Often, Ed Miliband's speeches as Minister of the OTS, from 2006 to 2008, emphasise how the TS adopts the idea of different complementary sectors and insisting in the advocacy and campaigning role.[55] In the agenda of public services, although the most important aspects of policy towards the sector were maintained, there were references to the role of campaigning and innovation. Under the SE agenda there is a shift in semantics, diluting the virtues of SEs in terms of economic rationality, towards one which was closer to the cooperative movement and existing SEs.

Table 4 summarizes these observations, from the analysis of key policy documents offering descriptions of the sector, coupled to political programmes, policies and also to specific sector intermediaries. Without being exhaustive, I point to observers of these policies in the sector, which reveal the blind spots of government observations.

[53] Kendall and Taylor say that this Office tried to deal with the 'inter-departmental wrangling and boundary disputes' (2010: 203).
[54] Definition quoted from The Campaigning Effectiveness programme at the National Council for Voluntary Organisations (NCVO).
[55] Speeches can be found at: www.cabinetoffice.gov.uk/about_the_cabinet_office/speeches/miliband_e.aspx [accessed July 2008]. See, for instance, the Hinton Lecture, 'Changing Lives, Changing Society', 22/11/2006. The Hinton Lectures are organized by the NCVO since 1998.

Table 4 – The semantics of the third sector in New Labour governments

	Home Office Active Communities Directorate (Civil Renewal Centre, Active Citizenship Centre)	**HM Treasury**	**Department of Trade and Industry** SEU, RGOs, RDAs (Social Enterprise Network)
	Communitarianism and community agency	**TS as public services provider**	**Social enterprise agenda**
Relevant documents of initial obs.	*Firm Foundations* (Home Office 2004a). Offers definitions and couplings with other departments.	*Cross Cutting Review*, 2002 (HM Treasury 2002). TS in public services (HM Treasury 2005).	*Social Enterprise strategy*, 2002 (DTI 2002). *Guidance on Mapping Social Enterprise* (DTI 2003).
Examples of relevant policies	Community anchor organisations, transfer of community assets to community organisations.	Capacity building for public services provision. Futurebuilders (loans to build capacity). Full cost recovery, participation in contracting (commissioning).	Some public services transf. into SEs, Improve access to market capital and public contracts, training, raising profile, measurement, community interest company.
What it describes	Community sector (C) ≠ voluntary sectors (V): **C**: Personal relationships, groups, networks, traditions, patterns of behaviour among those sharing physical neighbour., socioeconomic conditions or common interests; mutual help, members control (Putnam's social capital) **V**: Groups whose activities are carried for other purposes than for profit, formally constituted and employing paid professional and administrative staff, philanthropy.	Independent complementary sectors, ambiguity and hybridity as competitive advantage (Billis and Glennerster 1998). **Third Sector** as sector of the economy made up of VCOs, charities, SEs and mutuals and cooperatives having as main features: being non-governmental, value-driven and reinvesting their surplus to further their social, environmental and cultural objectives (HM Treasury 2005).	A business with primarily social objectives whose surpluses are principally reinvested for that purpose rather than being driven by the need to maximise profits for shareholders and owners in an action plan (DTI 2002). *SE*s as having at least 50% of income from market (DTI 2003).
Political program-mes	Renewal of C = strong, active and empowered communities. Civil renewal = active citizenship, strengthened communities and partnership in meeting public needs. Community engagement, citizens, powers and responsib., participation in the common good.	Reform of public services and reinvigorating civic life.	Coupled to agendas of: competitiveness, wealth creation, regeneration, public services, active citizenship. Need to move away from grant dependency, praise of self-financing capacity.
Preferred Intermed-iaries	Community Alliance Development Trusts Association, Community Matters, BASSAC, Scarman Trust.	NCVO (complementarity in services agenda) ACEVO (*Replacing the State?*, 2003).	Dev. Trusts Association, Co-operative mov., Community Action Network, Social Firms UK, Social Enterp. London.
Alternative obser-vations	**NCVO** (Jochum et al. 2005) - Civil society links to social capital, civic (particip. state affairs) ≠ civil (right to be left alone) aspects CS. - Intermediaries convert social capital in political participation - Uncivil tendencies of CS, need strong political democratic instit. guaranteeing public good.	**NCVO** (Jochum et al. 2005; Bhutta 2005): - TS links service provision + civil society (org. who don't want anything to do with government + organisations doing advocacy and campaigning). - Keep state universal provision.	Cooperative movement and many parts of SEs: semantics of worker's ownership, community ownership, solidarity, internal democracy, mutuality as well as work and social inclusion.

	Strengthening communities	**Transforming public services**	**Encouraging social enterprise**	**Enabling greater voice and campaigning**
Office for the Third Sector *The Future Role of the Third Sector* (HM Treasury 2006; 2007a)	Local bodies and local people to use the empowerment provisions of the LGWP (DCLG 2006a), grants to grassroots org., assets' ownership, community anchors, volunteering support programmes. Use Capacitybuilders to enable infrastructures to support community organisations.	Organisations' services specific features such as those mentioned in the HM Treasury review but also in participating in the 'transformation' of public services (HMT 2006). Contribution of organisations also lays in their campaigning, expertise as advisers and role as innovators.	*Social Enterprise Action Plan* (OTS 2006) Historical roots in the cooperative movement of the Rochdale Pioneers. SE role in overcoming social injustice and exclusion, achieving a better society.	TS representation in LSPs and LAAs and input in the community strategies, TS particip. in performance framework for LAs. Policies: creates a funding stream in Capacitybuilders to improve the capacity of infrastructure organisations to improve campaigning capacity.

1.8. 1997–2008: Continuity and change

In the 2000s, the local CVS was involved with the policies and programmes introduced by the New Labour incoming government. The 2000-01 Report describes an intense participation of the CVS in setting up the LSP although there is no specific reference to its participation in the Community Strategy. The CVS presented a document mapping inter-agency work for consideration in the first meeting of the LSP; it was also a member of an informal group established to progress the LSP agenda. This Report also mentions involvement in the county LSP and, in addition, describes CVS involvement in all the groups (except the economic), which later became BBs or subgroups of the LSP. Another report describes how the CVS collaborated with the local authority in elaborating the local Compact, which went out to consultation in mid-2002 and was finalized in 2003. At the time of the research the CVS staff and management did not have personal recall of these collaborations or access to the institutional memory of it.

The years 2004 to 2006 were particularly difficult for the CVS as an organisational crisis seemed to strike again due to the lack of capacity to secure new funding and the departure of old staff. In 2004/05, three of the older core workers departed, the funding for the development work was reduced in 20% and an unsuccessful bid to the Community Fund made the maintenance of two development workers impossible. Nevertheless, the 2004-05 Report shows that the CVS kept this work with organisations as there was only a slight decrease of contacts from the previous year. In 2005-06, due to lack of funding, the Volunteer Information Centre closed down.[56] It is still missed today by local TSOs. In short, these years witnessed a certain retrenchment in CVS involvement in the bodies that it had previously help setting up.

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[56] In 2004, this service provided information to 2957 people, undertook development/advice/information work in 322 occasions with VOs, held volunteer coordination fora and training sessions.

The strategic document of the 2005-06 report suggests that partnership work was – once again – draining the CVS resources:

> Attending to the requirements of external partnerships much reduced the organisation's capacity to maintain an adequate range of services. The inability to succession fund a number of these activities has necessitated some radical restructuring which has seen the departure of seven staff [from sixteen] across the organisation as a whole […].

When my research started, however, the CVS was regaining capacity, with a new chief executive, new staff, new projects, new funding and a LSP grant to involve the TS in the LSP. But important challenges to its traditional intermediating role were also emerging due to factors ranging from the sector's increasing diversification through expansion of some organisations to the variety of representations to be made. This complexity was increased by a new round of national funding directed at steering intermediaries' programmes.

Intermediaries' lack of capacity to sustain the partnership policies, especially the public service delivery agenda, was identified in the Cross-Cutting Review (HM Treasury 2002). Infrastructure support, as intermediaries were called, was described as fragmented, with gaps and duplication. One outcome of the recommendations was the setting up of the ChangeUp programme in 2004, a major attempt to steer the sector through expanding infrastructure organisations to support the third sector. Introduced by the Active Communities Unit of the Home Office, ChangeUp also generated, unintentionally perhaps, greater complexity in many respects (cf. Rescher 1998). It was planned to last 10 years with periodic funding following the Treasury Review.[57]

The founding document (Home Office 2004b) proposes an important reorientation of intermediaries, adding them new roles to their traditional ones, rescaling them towards a regional level to increase the scope of VS providers. It provides for the

[57] The first instalment was £80 million, allocated by the *2002 Cross-Cutting Review*. Following a 2006 review, ChangeUp received £70 million more for 2006-2008. The Comprehensive Spending Review allocated a further £88.5m for 2008-2011.

establishment of specialist Hubs by 2005 to aid in capacity building. It declares that infrastructure organisations should come together, identify needs of frontline organisations and, by 2005, have a plan for infrastructure provision to be operative by 2009. Infrastructure organisations should organise in area Hubs, sharing premises and back-offices or even merging to gain scale and avoid duplication. This rescaling strategy mentioned that organisations could form consortia, an organisational structure that would allow small organisations to share resources and make joint bids for service provision, thereby delivering economies of scale (Home Office 2004b). The founding document has a final chapter looking forward to 2014, anticipating that the VCS infrastructure would comprise: consortia and hubs, national coverage through local, sub-regional, regional and national bodies, joint planning, financially sustainable, quality provision and diversification.

The framework document increases compositional complexity (Rescher, 1998) by broadening recognized infrastructure actors to include, besides sectoral umbrellas, sub-sector umbrellas specialised in particular service areas, private sector and public sector bodies and experts. These infrastructure organisations are more diverse than the federative bodies like the CVSs or rural councils but have similar roles.[58] The TS landscape also changed as TSOs grew in number, size and variety, with some providing support services to TSOs alongside their traditional services. This reflects (observes) a broader complexity of the observations typically undertaken by VCOs due both to the impact of policies in multiplying the programme variety of certain organisations and generating other intermediary organisations.

[58] The guidance document states: 'Infrastructure describes the physical facilities, structures, systems, relationships, people, knowledge and skills that exist to support and develop, co-ordinate, represent and promote front line organisations thus enabling them to deliver their missions more effectively' (Home Office 2004b, 15).

In my local case study area, a Consortium was established in 2004 covering an area broader than that governed by the county council. It has two types of membership: the core members consisting initially of generalist (or geographic)[59] and specialist infrastructure organisations; and 'forum members', including public sector bodies, partnerships and other local infrastructure and frontline organisations. The Consortium was organised in three clusters, corresponding to three types of observation of the TS. One cluster is thematically organised, comprising specialist groups covering certain services (children and young people, environment, BME, rural, health and social care, faith, older people, disability and community); another cluster is organised around expertise corresponding to the national specialist groups of the ChangeUp; and the third is geographical, corresponding to organisations representing a certain geographical area, where CVSs are included along with rural and community infrastructure organisations (Consortium Business Plan 2006-07, p. 6). The latter are organised in Footprint Hubs, coordinated by CVSs, which carried on the Local Action Plan (LAP), the needs assessment of the sector. The Footprint Hub that covers my study area was further divided in district Hubs.

Regarding its programme, the Consortium follows much the national framework design: it includes voice, consultation, delivery through collaboration, pooling resources, networking, serving as the main contact point for commissioning services delivery and being a sectoral forum and participating in the purchase side of the commissioning cycle by participating in partnerships.

Locally, the Hub, under the coordination of the CVS, was responsible for the study on the sector's infrastructure needs in the geographic area that informed the LAP. This Hub's remit involved both the new service delivery agenda and promoting

[59] Generalist organisations include CVS, rural community council, community network, citizen's advice bureau and advisory centres, and neighbourhood-based infrastructure.

participation in the LSPs. Its list of key roles includes the traditional roles developed by sector intermediaries, like supporting new groups and existing organisations, improving access to support and services, and supporting organisations to deal with the funding environment. But it replaces the role of representation with a facilitator function – connecting people and groups to local and regional decisional bodies. It is also more focused on supporting service delivery through signposting. Networking and identity building, which were also traditional tasks of intermediaries like the CVSs, are absent. The Hub is a new planning body to coordinate the current complexity by promoting new ways of thinking and involving VCOs and intermediaries in bodies like the LSP.

One might expect the CVS to become less influential as a local intermediary due to the emergence of these bodies; but the ChangeUp instruments are actually used to strengthen its role, while adapting its programme: the LAP strategy was incorporated in the CVS' objectives in 2006 as part of a capacity-building bid. Its manager explains one of the main aims of the LAP:

> What the LAP was intended to do was to bring together the strategy that enables the VS to quote reference of a well resourced and researched piece of work as to why resources should be put into this particular area rather than another, based on the fact that there is greater need in one area in the Action Plan, which is basically a major needs analysis of the capacity of the VS, the activities and the needs within the social context (TSO intermediary, manager).

This funding comes not from ChangeUp but from a Basis programme of the Big Lottery to strengthen infrastructure organisations. This programme offers a means to limit the steering objectives of the ChangeUp programme in terms of the changes of TS structures implied.

Parallel to the ChangeUp, the CVS joined forces with the county economic development agency to coordinate a social enterprise network. This comprised some of the largest organisations in the district, many of which would not self-describe primarily as SEs, plus small TSOs. It also included higher education organisations and LA representatives. It produced a feasibility study on working on the SE model in the district, mapping local provision and making recommendations on future joint working and market opportunities, including identifying potential SEs from existing CVSs. It identified three problems: a scale problem because public procurement tenders exceed local organisation delivery capacities, the difficulty of accessing capital funding, and lack of management skills (Feasibility Study n.d.). A meeting that I attended (09/02/2006) developed the report's conclusions in three ways: establish a social enterprise network, create shared back-office support, and create a distinct 'brand' of business for social purpose. This was not implemented during my research.

2. Continuity and change in the self-observations of the third sector

The previous analysis linked different stages in the relationship between the TS and the welfare state (stages marked by major reports and changes in national government) to the development of the CVS as an intermediary of the local TS. As such it combines observations of semantic discontinuity across different periods and observations on organisational discontinuity associated with moments of crisis (which could also be observed, paradoxically, as continuity in the co-evolution of the CVS and its environment). This mix of continuity and discontinuity leaves successive traces in the local meanings and practices, thereby adding to the plurality of semantics, available meanings, decision premises, projects and organisations to be articulated to new meanings and practices.

We can find combinations of continuity in discontinuity and discontinuity in continuity. The continuities in discontinuity are the permanent trends that are reinforced by discontinuous events such as crises or by new solutions. The discontinuities in continuity occur when semantics, practices, and structures are reoriented as the result of the accumulation of routines. Both trends are found in the history of the CVS so that some trends are potentiated and some tensions introduced.

2.1. Continuity in discontinuity

The first continuity in discontinuity to be identified is the role of intermediaries in government policies to steer the TS, regardless of the government's political orientation and the dominant semantics. This can be seen in the allocation of funding streams to steer intermediaries to participate in inventing and constituting the local sector. This continuity is reinforced by the discontinuities provided by the crisis in the CVS. Crises and funding cycles are important factors in orienting the CVS towards this role as it renders the CVS more permeable to the irritations of the steering attempts of the national policies. We can see that for each crisis a new funding programme arrives, with new requirements for the roles to be played by the CVS but, despite the governments, the roles that are promoted in the several programs are similar.

So, one paradoxical continuity in discontinuity has been the use of the Wolfenden Report model of the role of intermediaries in the steering policies for the sector in the Conservatives governments, when the later political project for the role of the TS is quite different from that envisioned by the welfare pluralism underlying the Report. So, at the same time as policies observe the TS as competitor or even consider it as part of a broader independent sector alongside business, it strengthens structures that reinforce the idea of a TS and the capacity of the TS to have political influence.

In the case of TSOs, the Wolfenden Report continues to imprint observations of the roles and tasks of intermediaries and to shape the programmes of the CVS. These roles and tasks, which are in place in the CVS, helped to construct the sector both discursively, by providing it with self-descriptions and identity, and materially, by providing support to establish organisations and projects. Furthermore, it is still informing the semantics of TSOs, and of its relationship with the welfare state.

Another continuity to be found amidst discontinuities is the furthering of the process of differentiation that led to the emergence of a TS. The functional differentiation in sectors can be interpreted as a re-entry of the distinction between market, VS and state in the welfare state. This starts with the observation of four sectors in the Wolfenden Report. In welfare pluralism, there is an internal difference between maintaining a description of the state as steering society or a description of the plurality of systems that can steer society. Although radical pluralism expected the TS to play this role, Thatcherism privileged market forces instead. Functional differentiation is then deepened in organisations both of the state and the TS through decoupling activities of service provision from the rest of the organisation. This happened in public policies with the split between purchaser and provider that allowed the providers of public services to be organisations of the different sectors, in competition for contracts. So services can be observed by the economic system and placed in the market for competition. In more recent times, under the partnership mantra, this decoupling allows, for instance, that the same organisation – TS or public – can be seen simultaneously as partner and competitor. We will see below that in the real concrete this generates further complexity.

From the perspective of the TS, the periodisation of the relationship between the state and the TS shows that important changes are happening within a continuing relation and these have to be made in order to maintain this relationship. Thus, the observation of the TS is not fixed but liable to re-articulation due to changes in how the TS is observed by policies and by TS observations and counter-observations. These moments are reflected in the sector's self-descriptions. So, there is clearly strategic adjustment to specific conjunctures, like changes of government. The first self-description after the development of the welfare state was 'extension ladder' and this endures in the semantics of welfare pluralism. The Wolfenden Report was produced in a conjuncture where the emergence of new organisations, relations and semantics were combined with the criticism and crisis of the welfare state. This led to a strategic formulation of new self-descriptions towards a semantics of the sector, while keeping the meaning of voluntary, inherited from the tradition of voluntary action since the Beveridge report. But this observation opens the possibility for further observations that will displace the sector from the position of extension ladder. As some TSOs are made suitable for observation by the economy, the signifier 'independent sector', which means both the third and the commercial sector, threatens the identity of the TS, leading to another strategic reformulation of its semantics.

So, once more, a report on the sector coincides with the change of government and has capacity to resonate in the discourses and policies of the new government. The winning observation of the Deakin report describes internal variety and multiple couplings as a defining feature of the TS while emphasising complementarity.

During the New Labour government, although the political system continued to observe the TS, the self-descriptions of the political system were transformed by co-governance. In the present conditions for observation, as the state redefines its position in the governance of welfare, there is a new 'other' and a plurality of candidates to share the role of steering and new scales where co-governance should happen. So, in the context of a high profile of the TS and its intermediaries, it is the local intermediaries that are challenged to change now.

2.2. Discontinuities in continuity

While local intermediaries continue being important in sustaining the existence of a sector, new roles are committed to it, in tandem with the new observation of the TS as partner. The CVS is the result, in a first instance, of an initiative of a national umbrella, strategically oriented to draw the boundaries of the TS in order to couple with the boundaries of the local authority in a moment where these were regaining more competencies. And, even if the following governments removed most of these competencies, the bodies of the TS remained and were actually used to diminish the power of the local authorities.

As part of its role as intermediary, inspired by the roles described in the Wolfenden Report, the CVS develops short to medium-term projects within the TS or in partnership with public bodies that led to the new locally-relevant organisations. So, over time, we can see the setting up of new organisations that lead to the increase of the local diversity of the TS, rendering it more difficult to be represented by the CVS and, therefore, challenging the traditional roles of the CVS.

While the TS continues to have a prominent role in policy, more recently we find greater complexity both in the TS landscape and the policy landscape as multiple self-descriptions and observations overlap. Spaces, networks and territorial scales are multiplied as policies steer the TS towards re-scaling upwards in order that it become better equipped to compete for service provision. At the same time these policies include partnership work and expect the TS to enhance democracy and participation at the neighbourhood and district levels. Community semantics, on the other hand, implies a pressure for scaling down. Thus, in the last bid for funding of the CVS, for the first time it was requested funding specifically for a community organisation development worker.

In recent years, the steering policies for intermediaries used CVSs to implement them through changes in the local structures for observation of the sector. The change in policies suggests that the differences to be minimized concern scale: for there is a reorientation from a district-based TS, comprising individual autonomous organisations, to regionally-organised networks of service providers (cf. Chapter 8).[60] Therefore, these policies challenge the CVS role as the privileged local intermediary of the TS, or at least add a new role of 'enabler' of the Hub and the Forum of local TSOs.

2.3. Self-potentiating complexity

There has been, clearly, a nationally-inspired attempt to create and steer the sector through these intermediaries. Intermediaries, particularly the national umbrellas like NCVO, NAVCA, BASSAC, ACEVO or others, not only play a crucial constitutive role in this regard but also in influencing in turn government policy. We see this in how the reports on the sector inform and steer policies. In fact we see this in the strategic moment where these reports come out, at the end of political cycles, so that they can inform government programmes. Although some of these moments include semantic conflicts and alternative ways of defining a sector (or if there is a sector), they still shape policy. The struggle between the versions of the Centris and the Deakin reports show that even if governments are not enthusiastic with the idea of a TS, it is hardly going to disappear, which does not mean, however, that the content of the TS may not be changed substantially.

The quotation below, from a regional VS manager, shows how the past resonates in the present in the form of 'present pasts' as it shapes expectations about TS-LA

[60] There is also pressure in the other direction, for localist observations of the sector under the semantics of community (Kendall and Taylor 2010) with the example of constitution of Community Empowerment Networks in NRF-LSPs which, according to an interviewee (TSO intermediary, manager) created ambiguity regarding who represents the sector in these areas, the traditional CVS or the new network.

relationships in local partnerships. However, the quotation also shows how self-descriptions are used strategically to change existing structures by highlighting the importance of semantic coupling strategies. For it also identifies an actor that puts pressure on government and produces self-descriptions that resonate in the political system and may trigger policy change.

> The historical relationship between LA and VCS in partnerships, the past relationship has been what they call 'paper partnerships'. A program I know is the SRB which a lot just finished. There was lots of money coming to regenerate urban and rural areas. In most places the partnership was led by the LA and then there were statutory partners around the table, jobcentre plus, health authority or other agencies like that, and then the VCS, and the idea was that you put together a big plan about how you were going to tackle this, how the money was going to be used in the seven years, what the role of partners was, and never really had a role for the VCS in the first couple of rounds because the actual programme was not seen as a social program, was seen as an economic programme, capital kind of programme, so what is the VCS seen to that? It was only after a considerable pressure put on the government at national level by VCS organisations that they then said 'hold on a minute, there is a role for the VCS'. And hurdles of research started to come out about what the contribution of the VCS was at the local level, how we have links to hard-to-reach groups, how we make a difference in terms of people moving from being unemployed into basic skills training into jobs. All those kinds of links were being made in terms of the VCS, what is added value etc. There was a huge movement then and certain people were looking for statutory partners to actually give up power. So when we moved into the arena of LSP there was a history before that of the VCS going to meetings and actually getting very little for that (TSO intermediary, manager).

Contradicting the semantics of separation state/TS, we notice that the CVS actually worked alongside statutory agencies to establish projects that became TSOs. Therefore, TSOs emerge from perceived needs – but this may well involve initiatives associated with the public sector. This, alongside economic dependency on the statutory sector, gainsays the prevailing semantics of separation in the observation of the voluntary/statutory sectors. However, these semantics are also produced within public bodies as a re-entry of the observation statutory/voluntary in the welfare system. Through this re-entry, organisations closely involved in welfare provision are observed as outside the state. Therefore, TSOs allow some issues, groups and problems to be included in the welfare state that would not otherwise be granted, whether because of the specificity of the relevant needs (Douglas 1983)[61] or because of attempts to restrict and reduce public provision, as it happened during the Conservatives years. By sharing responsibilities with the state, the TS was able to displace the paradox of the welfare state because it was described as being outside. However, the TS self-description also includes the idea that organisations are alternative observers of the public interest. It is here that the greater proximity of TS and social movement semantics is to be found. They indicate failures and propose alternative observations and, ultimately, press for the expansion of welfare state responsibility by marshalling evidence to extend 'statutory responsibility' (see next chapter). In this way, the TS is, for the state, the paradoxical self-limiting mechanism and, for the public, the place where needs are articulated and demands for inclusion in the welfare state are formulated. On the one hand, TSOs are seen by statutory agencies as an alternative – and often a cheap one – to public service delivery and/or to the often-remarked 'provision in the gaps of public provision'. Therefore, they can work as a buffer mechanism preventing citizens from making direct demands on the state. On the other hand, the state keeps a tight control on TSOs precisely on the grounds that they are acknowledged as providing public goods, thus they are expected, for instance, to provide universal access when under public funding. But this is not enough to describe this relation, because what is most important in it is that it included a self-potentiating mechanism that generates further complexity and ultimately generates failures in governance goals. This self-potentiating mechanism is the other side of the relationship between state and TSOs. Due to the policies promoting the TS, they increase in number and, particularly, they are constituted as a sector, capable of having resonance in the political system, not only because the system depends on

[61] When the state tends to regulate services provision by VCOs, however, it must include universality rules like those in the public sector.

them for provision but also because they are able to exercise political influence at the level of national intermediaries, as we have seen. But the TS faces the same problem as the welfare state – dependency on the economic system for monetary resources and on having the capacity to mobilize them (Luhmann 1990a; Jessop 1990). And the state is the main funder, making the intermediation between the economic system and the TS. So, the intention to insulate the state from demands to expand welfare and solve the problems of functional differentiation through the TS ends up failing from the perspective of the political system goals.

Faced with paradox, social systems engage in de-paradoxification. In the present case, one of these is the semantics of social enterprise.

> The problem with the VS is that it is dependent on policy winds. Depending on which area you are involved with, if the government shifts that way, then for a short period of time you are cash rich because there are resources in that particular area at the expenses of other areas and it is very difficult to find resources with public money to do the work they are involved with. There are always these swings and roundabout kind of approach to the sector, whereas I believe that, if we mix up the economy, some of it was public, some of it was privately owned by organisations, there would be stabilization. To the extent that we don't see as many organisations disappearing or we don't see as many organisations actually changing what they do so they can get money to continue (TSO, manager).

The semantics of SE observes TSOs from the viewpoint of their capacity to generate resources in the market. This observation occurs in the discourses and policies of government too when it proposes the 'third sector' as the new signifier. But the semantics of SE is also internally complex, offering different meanings to couple to different systems (cf. Chapter 5).

3. Conclusion

The chapter analysed the discursive and material context for producing the TS nationally and locally in the English welfare-system and the role of TS intermediaries in this 'invention'. I analysed how the TS developed from its initial self-description as ‘extension ladder’ in the British welfare state until the present and identified, in historical terms, alternative descriptions and contradictory roles in the welfare state – from competitor to partner in governance. Network governance mechanisms, which form the object of this thesis, are particularly challenging for intermediaries due to the variety of representations, the plurality of bodies and the diversity of roles it demands.

The semantics of the TS were described in its couplings with other semantics that frame this invention as part of the process of welfare restructuring. Attention was, thus, given to the plurality of semantics, particularly the bifurcations they point to and their fixing through other semiotic and non-semiotic elements. Historical analysis of self-descriptions illustrates the mechanisms of variation, selection and retention that help to constitute, first, the sector, and, then, particular meanings of the sector.

I show in this chapter that, due to specific conditions of the historical contexts and organisations features, the steering attempts of governments have had impact. For example, national government steering through funding programmes has been able to shape the CVS programmes and thereby influence the local TS. However, the interplay of couplings of organisations with other systems and functional interdependencies means that steering attempts are liable to fail and organisations to re-draw strategically its boundaries and semantics and to have resonance capacity in the political system.

Through the analysis of continuities and discontinuities, it is evident that the interplay of different semantics, political projects and actors in inventing a sector is contradictory and potentiates complexity. I have shown continuity in discontinuity in: a) the use of intermediaries by different governments to invent and steer the local TS; b) the persistence of intermediaries model inspired by the Wolfenden Report; c) the increasing differentiation from sectors to the internal differentiation between organisations and its activities; d) allowing increasing observation of TS activities by the market; e) strategies of semantic adjustment of TS self-descriptions and influence in policy. Discontinuity in continuity was observed in: a) challenging of the traditional role of intermediaries due to the increasing diversity of the TS that they help build; b) growing separation from LAs and multiplication of alternative scales and relations; c) plurality of competing semantics of TS, observed by different policies; d) changing roles of local intermediaries to enablers of bodies with which they share TS governance. Although New Labour seems to have maintained policies inherited from the previous government, despite the discursive differences it created, hypercomplexity seems to have grown, making it hard to treat the observation of the role of the TS in welfare as a single point of observation.

In sum, intermediaries, policies and scholars contributed to the 'invention' of a TS as an actor that could (and should) play a role in societal governance at the moment where the welfare state was being challenged and changed. Nowadays it assumes a prominent role in governance but is simultaneously challenged by this new landscape. The analysis in this chapter interpreted the invention of a sector, side by side with other sectors, as a specific self-description with its own observers. It dealt with its local intermediary as an organisation supporting and shaping locally the existence of a local sector through its diverse roles. However, the TS, considered as a whole, is not reducible to its parts, neither the parts are reducible to the whole. The next chapter observes the parts that form the sector, i.e., individual organisations, projects, practices and actors and develops a systems-theoretical approach of TSOs.

Chapter 4

Third sector organisations as first-order observers

The previous chapter described the invention of the third sector nationally and locally. Its entry point was the intermediary CVS and its standpoint was the relationship between the TS and the welfare state. This chapter proposes a systems-theoretical approach to TSOs that informs and extends my proposed relational perspective on the TS. Thus, I now examine the self-descriptions of individual organisations said to belong to this 'sector'. I argue that organisations as observers are constituted by the observations they produce. As Baecker says, drawing from Spencer-Brown (1994), 'the observer is not distinct from the observation. The organisation is the structure of observing' (Baecker 1999, 28). Thus, my entry point is the self-descriptions of local TSOs and my standpoint is the relation between their constitution as observers and the governance of the welfare state. I hypothesise that their most relevant feature as far as governance is concerned is the degree of their requisite variety, which allows them to deal with growing complexity in the environment. I argue that TSOs offer this variety because they are coupled to a large diversity of systems, including psychic systems, and can observe the contingency of systems' selections. This makes TSOs relevant to governance as they can go beyond the observations produced by functionally-differentiated systems and explains why they are called on to contribute to societal governance.[62]

In systems-theoretical terms, organisations displace the paradox of inclusion/exclusion in functional systems. This paradox is grounded in the tension

[62] From a complexity perspective, Geyer and Rihani consider that the TS should be observed as a complex system, 'an essential element in the "symbiotic competition" between state and market' (2010, 86).

between the system norm of inclusion of all members of society and the exclusion resulting from the actual operations of system's codes and programmes. Although organisations operate through exclusion distinguishing members/non-members, insofar as they adopt general rather than particularistic rules of membership, they maintain the logic of inclusion even though some potential members choose not to join (Luhmann 2006, 569). Thus, 'without organisations the free and in principle equal form of universal inclusion in function systems would not be possible' (Nassehi 2005, 190). As mentioned in Chapter 2, systems theory describes organisations as autopoietic systems that are outside functional systems but interact with them. TSOs belong to the type of organisation not integrated in any functional system in particular (Luhmann 2006, 666). They couple functional systems to individuals (psychic systems) (Messner 1997) and, through the semantics of the TS, refer to society, especially when society re-enters the observation in the guise of the state as the unity of society.

Observing organisations as observers, as I propose to do here, aims to deepen the understanding of what TSOs do as steering mechanisms in functionally-differentiated societies. Several authors describe TSOs operations as steering operations in the context of societal governance on the grounds of their place in descriptions of the political system, i.e., in terms of the duality state/civil society (Arato and Luhmann 1994). Many emphasise how functional differentiation and rationalization contribute to the emergence of TSOs and their roles in societal communication. For example, Lipietz (2001, 20-34), observing from the economy, describes the TS as a particular mode of regulating the mix between market and state, allowing society to tackle unmet needs that emerge from the reduction of human activity in advanced capitalism to market and state relations. I argue that not only do they meet these needs but they also make them communicable by rendering them observable. Similarly, privileging the semantics of civil society, Cohen and Arato (1994) see in civil society the emergence of a modern community, or a modern lifeworld in the definition of Habermas (1987). For them, this results from two interlocking processes related to self-reflexivity/rationalization: (a) differentiation and internal rationalization in civil society's structural (personality, society and culture) and institutional components; and (b) 'rationalization of the cultural-linguistic substratum of the lifeworld' (Cohen and Arato 1994, 434). From this perspective, I argue that the TS as part of civil society belongs to the structural component of the lifeworld concerned with social integration. Following Habermas further, Cohen and Arato argue that what is central in the emergence of civil society is communicative action, i.e., inter-subjective dialogue to reach agreement. The same emphasis on communicative action is found in some authors who connect the form of TSOs to their function on the grounds that members' control allows communication to channel members' needs and aspirations (Caillé and Laville 1998; Enjolras 1998). However, given that democratic channels of communication are important in the semantics of associations and that organisational structures shape observation, I prefer to adopt a systems-theoretical approach to TSOs in terms of the co-constitution of the observer and the observation. Thus, I will observe TSOs as observers, taking their self-descriptions (derived from interviews with managers) as a proxy for their basal self-reference. These self-descriptions provide windows on the complexity of TSOs as organisations.

To support the distinction between first- and second-order observation, this chapter builds on Luhmann's distinction between three modes of self-reference, each of which involves some form of selection (Luhmann 1995). Basal self-reference denotes the self-constitution of the organisation's elements and the relations between them. Reflexivity is constituted by observing organisations' observations about their processes, which are also selections. Reflection occurs when organisations define themselves as different from an environment. Although all three modes appear in organisations' self-descriptions – which, as said before, are simplifications of self-reference –, here I privilege basal self-reference, or first-order observations, because I am interested in observing how organisations are constituted as observers. These self-descriptions show how the organisation selects from the real world in all its complexity. In particular, I focus on descriptions of activities, users/members (and how they are described/observed), and the manner in which they enter an organisation's observations as well as the programmes the organisation has to observe.

The TSOs that I am analysing comprise workers, boards, managing staff, volunteers and members, they are formally constituted, most with charitable status, they must obey a set of general rules about governance, labour relations and service provision. This means that they can be observed by the legal and political systems as participating in the public interest. These features also establish a difference between these organisations and people or groups that they observe as users, clients, members, beneficiaries, or other signifiers for similar referents (Sayer 2000). I will describe both the semiotic aspects of organisations' self-descriptions and the material aspects that are expressed in their practices and structures – i.e., the self-descriptions of their practices. Since organisations' autopoiesis rely on their decisions, I consider how they describe the conditions for the observation's constitutive decisions of marking a difference and indicating one side. These conditions are the organisation's elements. I describe how these self-descriptions as observations of users/clients/members are articulated with the self-description of the roles TSOs play in welfare and consider how these self-descriptions can be framed in the historical description of the invention of the sector and the periodisation of its relationship with the welfare state from the previous chapter. In considering the discussion of the different subsectors in existing descriptions I select for observation diverse organisations that are usually typified as SEs, community organisations and voluntary organisations.

1. Observing persons

I describe how, through their decisions, TSOs establish couplings between human beings and functionally-differentiated systems and the societal system. I explore individual TSOs self-descriptions and, through this, the co-constitutive relation between the organisation as observer and its observations. Organisations' semantics are dominated by the observation of the people that they help or/and represent from where the observations of the difference in their purpose-specific programmes are built. Because of the focus on organisations as observers, I describe how organisations produce both their observations and themselves as observers. I give less relevance to the different meanings of the signifiers they use (citizens, users, clients) and how persons – 'persons' itself being an observation[63] – get constituted through this. I am more interested in identifying the variety of observations that are produced by TSOs in self-descriptions, in descriptions of users and in the systems they couple to. Although it is not irrelevant whether one organisation is using the signifier user or client, being the client clearly associated to the incorporation of the semantics of the market in TSOs – and public services –, I also observed that in their narratives organisations often shift strategically from one signifier to another as they attempt at creating couplings with discourses in particular systems.

[63] Luhmann discusses the semantics of person as a reference point that allows observation that goes beyond roles or behavioural expectations (Luhmann 1995, 316-317).

It is clear in all cases that observations are not only built from the users but also result from negotiations, intermediations and shifting self-descriptions. Organisations are in the core of the tensions that emerge between the programmes that shape organisations, namely through funding, but also other programmes, past observations, and the observations of users.

1.1. Observing citizens by an advocacy organisation

The following quotation is a self-description of organisation's activities that takes as an example the case of observing persons in terms of joblessness. This requires a decision, first, on observing *persons* and, second, on observing not just joblessness but the need for a job to earn a living. This includes observing the relationship with the former employer and also the event's impact on the family. The organisation's self-description involves acting from the viewpoint of the unemployed person addressing different systems' programmes. So, the person who lost her job is steered towards possible solutions to minimize the resulting problems.

> One that is quite typical in this area is 'I just lost my job, never been without work before and I've got a family, what can I do?' So in that particular instance we would look at why they lost their jobs. May well be they have been unfairly dismissed or unfairly selected to redundancy, or they have said that they lost their job but there is an appeal that we can make, so we can support them in that appeal process, so the decision of the employer is... they might have the job back. At the same time we would look at what benefits they were entitled to given their circumstances, help them make those claims, look at what their financial situation is in terms of debt, so we would help them manage any debt they might have and providing information about that. It may be, and in some cases it happens, that there may already be tensions in the family so there might be situations there that we have to explore… we explore the whole situation, we call it holistic approach (TSO, manager).

This organisation has a territorial remit, being accessible to all local residents although most users are people in social exclusion. The name of the organisation (Citizens Advice Bureau) highlights the emphasis on observing people in relation to the bodies and laws that observe people as citizens. Its staff, for instance, include people trained in legal issues and in the programmes of several systems and subsystems, legal, welfare, economic, and so on, that provide expertise. The organisation describes itself as defending the users' interests and, in some situations, they are recognised by public bodies as the voice of users. This representation role is possible because it is inscribed in the programmes of the systems on condition that they meet criteria such as professionalization and accreditation. Due to its geographical and generalist observations, the CAB is at the forefront of the emerging social problems, being able to identify these trends and addressing them to the political system, as it does both nationally, through the advocacy activities of its umbrella body, and locally, by participating in partnership bodies or other advocacy strategies that target public bodies.

1.2. Intermediating communications in a women's organisation

The next quote, from an organisation handling the problems of women victims of domestic violence, describes intermediation: women's complexity being reduced so they are framed under observations that can irritate functional systems, and the reduction of legal system's complexity to the legal category women. This organisation steers the victims by explaining their options and presenting alternative present futures within the limits of the choices offered by public services. As with the CAB, descriptions of users tend to identify the general or typical cases rather than individualized cases. The decision premises for observations appear in the organisation's own description, the helpline, the workers who put organisations into contact with persons, and the labelling of persons as women suffering domestic violence.

> So we have the helpline, we also have… the three workers that we have are tenancy support workers and outreach workers. So they will work both women who are referred

> through self-referrals or any other organisation and one scheme… it's kind of separated because of funding issues, one scheme is funded particularly as tenancy support and that will assist the women in maintaining tenancy or keeping a home, which can involve budgeting and financial advice, debt advice, maximization of benefits, appropriate housing. You are not going to help maintaining a tenancy where they are not appropriate to family needs, so you are moving a homeless application and that kind of stuff. The outreach work is even more general, so pretty much anything that they need and that might just be to once a week or once in two weeks to meet and explaining the procedures or what is going on at the court if they are involved in court procedures. They will get letters of what is going on but they will be unintelligible, none of it makes any sense and we are kind of a translation service in that respect. We also have councillors, we have a pool of 8 councillors now at the weekend, that's a free service that we can get, to refer clients to counselling. Often somebody comes to us in a crisis and we arrange for one of our volunteers to meet them, take them through the options of what they can do and explain everything, helping through all of that, go with them to see the police, go with them to the housing department, keep all of that going and advocate and get them counselling. The counselling might go through 2 years, everything else might be sorted out and still receive the counselling. One of the things we want to develop again is the missing whole, is the children… respect for the children and the family (TSO, manager).

To provide a complete range of services, the organisation combines services funded through public contracts and private grants with services supported by volunteers. It describes its activities as related to all the needs of women victims of domestic violence as the basis for holistic intervention. This holism appears as a programme for observation that guides the organisation to observe as broadly as possible so that there is no limit for what can be observed as need. This is clear when the organisation highlights the need to observe children of women that are being abused.

As with the CAB, it is the impact of a certain event or condition in a person's life that is observed and leads to the decision to put the person into contact with different systems. As a women's organisation, the focus of observations is on women as a specific group.

1.3. Observing community by a social enterprise

The next organisation, a SE operating in recycling, observes people as groups of residents in a deprived area, deploying the semantics of community adopted by public agencies and TSOs. It self-describes as a SE with a chain of projects that address the needs of a local community by observing the people in that community. The self-description suggests that the coherence of its projects unifies the organisation through its commitment to a single general purpose, described as the ethos of the organisation.

> So the projects feed into each other. The showroom sells, the warehouse is storing, the training trains people do whatever they need to be able to participate in the organisation and also it trains people. If someone buys a table, we've got courses of how to restore it or painting and decorating courses, come and buy the wallpaper or paint, come to painting and decorating course and you can do it yourself. The idea is not just about saying 'it's your home', it's your home and it might be a crap home, rubbish you know, not very good, might be a house or a flat, put your bed in there… putting the bed in there doesn't make a home, does it? Because the carpet is horrible, that paint is nasty or they don't know how to do basic things like fixing a wobbling, they have no white goods or they are stuck in that home, they don't know anybody and they are really isolated, they've got nowhere to go. So the whole thing of making the house a home… The whole ethos of our organisation is that people feel part of this community and have the best of what they can. So lots of people who come here to volunteer or to do a training course they don't see anybody else in a day. This area is very well-known for the high transient population and lots of middle age men live on their own. And they don't engage and there are few volunteer opportunities. Most of the volunteer opportunities are for things like office things, helping in churches, so they are not religious or are of the wrong religion, or charity shops… for a lot of people if you show them a piece of paper they run, they want to be hammering, knocking, getting their hands dirty, driving… so we offer huge opportunity certainly for men, but also, because we worked really hard making this non-traditional place of work, the organisational culture is very much… if men want to come in and do office work that's fine, if women want to fix bikes, washing machines, drive vans it's also good (TSO, manager).

This description once more encourages us to envisage a potentially endless development of the organisation's services to promote social inclusion and its self-observation as doing things differently. It observes people in poverty in the several areas from where they are excluded, including volunteer work as an escape from isolation and lack of community links (in fact, the lack of community). Residents' needs are framed with the idea of local community, a semantics typical of the area-based policies (Amin 2005) that provide part of the funding. Various funding streams support different projects self-observed as coherent in the articulation between the social inclusion and the environmental sustainability agendas.

Many of the SE's observations occur within the economic system but do not prioritize the code profit/no profit. This is what makes it a SE. It does sell its goods in a shop but at low prices to specific groups of clients classed as unprivileged. Clients must become members in order to buy goods in the shop and need a referral from another TSO to prove their low income status.

The unity of this organisation as described above developed over time after the SE was established as a project by the local intermediary. The manager described her role and vision as important in shaping the organisation's development and explained its specific trajectory in terms of her background in the cooperative movement.

1.4. Community semantics of a village hall

The next organisation also observes in terms of community semantics. In this case, however, the community is a rural village whose residents organise the Community Centre and access services through it. The small scale of the village prevents the setting up of more specialized organisations and allows the Centre to play a holistic role where the whole is the residents of the village.

> People are coming for general queries. They come to the library, to ask questions, we get everything. So it's like, when is the next book due? Or can we find a drink anywhere in the village… we provide everything. We've got a toddler's groups in this morning… the senior citizen's group… a lot of the groups tend to use it over the winter months when it's bad weather. The senior citizen's groups tend to go out in trips during the summer time. We've got the kids clubs, we have two different dance classes, American square dancing and line dancing, aerobics… you name it, we've got it. It's very difficult to say that it's a specific group, because it's the only place in the village that is open from 8am until 1am… The internet has special times but if a group wants to use it we've got the flexibility […] (TSO, manager).

This kind of organisation is normally described as community organisation. The observation of inclusion/exclusion is based on the loose criterion of local residency, more accurately, on the basis of face-to-face relationships. The self-description of this organisation's observations includes seeing the locality and other rural areas as unprivileged in relation to most of public programmes. This was reinforced with government announcements about the closure of village libraries and post offices. This was the case in this village as the Centre became a temporary library and got involved in negotiations with the local authority to find a way to reopen the local library. The development of rural jobs support project is described as a need felt by local residents, which later came to access governmental funding – particularly as it matches the workfarist agenda of bringing people back to work.

> Nine months now we set up services… because some people in the village wanted to return to work and they didn't have where to go and they wanted the CV doing and things like that. And we set this up and we thought that because we are a village we wouldn't get that many people through the door... we got over 30 in 9 months, so consequently we got some funding so we are on for the next 2 years.
>
> […]
>
> There is a lot of things that, yes, the Job Centre do, similar things, but it don't do what we do that is basically we have a lady that comes in and do a one-to-one interview. To get preparation. Put it this way, if you never been into an interview for up to 20 years and you suddenly decide going out to work, how do you go to that interview? The interviews had changed, whereas once it used to be a one-to-one person now if you go to a job interview more than often is a panel of people. And the panels do quite difficult questions (TSO, manager).

1.5. Observations of homeless people in a decoupled organisation

Our next organisation is involved in the traditional charitable activity of providing support to homeless people. Its activities focus on answering the immediate needs of the homeless, offering a permanent service of food, bath facilities and laundry. It relies mainly on voluntary work and donations.

Through a council grant for a case worker, the organisation also observes on behalf of the local council by undertaking needs assessment and referring users to other services. This observation is done through completing a standardized form with information on clients. This is one of the conditions for local council funding. Yet, as I was told during the interview, this form does not require or allow the recording of the complexity of clients' cases and so the organisation has its own records.

In this regard, the organisation's observations use the semantics of person and go beyond the situation of homelessness to include other people in poverty, especially those in need of food. Although homelessness defines the core of the organisation, irritations made by persons in other circumstances of housing poverty guide observations. Of course, such irritations also depend on other conditions, such as staff contact with these people, the backing of the board of trustees to observe them, and the availability of food supplies for distribution.

> We not just allow homeless people, we deal with people in housing poverty as well, so they may have accommodation but they may have other issues, addictions and things like that, and there are many view points on the Centre receiving people in that situation, and we did go through a phase where we were only allowed to see the street homeless, the others could not access the food service, and in actual fact those with addictions just weren't feeding themselves, which was very difficult for the staff and the volunteers, and how do you manage something like that? How do you choose? If somebody is sleeping on somebody's are they homeless or are they not homeless? And in all fairness one of the things that we are not particularly short of is food, quality food maybe not, but food, baked beans and stuff like that we've got loads of, so we appealed to the trustees and explained our reasons and we did give it a try (TSO, manager).

The access to the users also results from the diverse operations of the organisation which in turn depend on the existing programmes for observation and on the premises for observation that are related to the resources, regulations and programmes that originate in the environment. So it is the fact that they have several services, supported by different resources, which facilitates access to the users. In this case, the existence of the service is an attractor that brings the users to a place where they can be identified and classified on behalf of the council.

> What the Council is looking for, from our point of view, we can't provide without providing the food service to get the clients in. How can you talk to people about what the problems are? If we didn't have a food service nobody would come through the door. But the Council will not support the food service and in fact only pays about 1/3 of our running costs and we have to find the other 2/3 and all the rest is voluntary or funding that we sought (TSO, manager).

This is an organisation that went through internal decoupling with the result that the two sides of the organisation are blind to each other at the level of self-description.

The following excerpt presents the observations of one part of the organisation and narrates the process that led to the split. As we can see in the self-description of activities and the observation of the other part of the organisation, very different observations are at stake.

> - We had to employ people because of Supporting People and follow the safety procedures and a lot of paperwork. We did that but the day centre didn't do anything, and they didn't follow the policies. So we became more professional and in my opinion we left them behind, so we have two separate entities which are under the same organisation. I don't tell them what to do and they don't tell me what to do [...].
>
> - But you have the same board and they tell both what to do?!
>
> - Well, they never told me what to do because they don't follow what we do [...] I tell them what I am doing because they are not in a position to understand what I am doing.
>
> - They understand better the other side because it is more volunteer?
>
> - Yes, they understand better... more church-centred. People come in and people get fed and people go away again, and people come back in and get fed. So we are very different. Our role here is that we support people to help them maintaining their tenancy and we do it in a short-term basis, and we empower the client (TSO, manager).

The process that triggered this decoupling was a public programme that provided substantial sums of money to reorient homeless organisations' programmes towards so-called preventative work, with particular emphasis on user's autonomy. Decoupling is one possible way to deal with internal complexity (Schulz and vom Stein 2007).

1.6. Observing users as members in a mental health support organisation

The next organisation to be considered is a day centre that supports people in mental distress – the preferred term for this group, which illustrates the difficulty of demarcating mental illness. Its self-description notes the tensions between an agenda – in this case a policy – that aims to promote independent living and the fact that the organisation observes the users as members and grants them a voice in decision-making. This is a good example of the tensions that may emerge from different observations of systems. The observation of users as autonomous conflicts with that of users as members, particularly because, as can be seen, the users as members may prefer not to be observed as autonomous. Membership means that they have direct access to the communication channels forming decisions in the organisation.

> - ‘Members’ is preferred to the word user. People can get involved in all sorts of ways, we have a members’ meeting every week, we have an activities planning group which involves members that plan the program for each month, we’ve got members surveys on an annual basis, we just got a social exclusion officer to get more user involvement in the organisation, people have care plans too, we have link workers when they have some intense work. People can be involved in planning support, we do outreach work as well beyond the centre for a small number of people if we think it’s necessary.
>
> - Membership is related to being involved in the governance?
>
> - Yes, on that basis there can be some potential conflict issues. I told you before about moving on the social inclusion agenda. Not every user wants that. So things that were happening in the past won’t be happening in the future. In the past we may have organised a minibus to take a group of people but now we will be organising public transport. We want to help people to learn how to use it. We want people to pay the full fare, that will be subsidized if they have a certain disability. We moved away. They have to pay the entrance fee, they have to pay the transport, it have to come from their own pocket… so it’s not like a charitable relationship. And so people can decide to go on a trip but it’s not open to all. If they say ‘we need help for the trip’ we will help, but no one else is invited […] (TSO, worker).

The day centre is considered important by users as a meeting point where they find help from people in the same situation. But the policy trend for autonomy regards these spaces as maintaining people’s social exclusion from mainstream society, pressing them to integration regardless of people’s capacity to function in society without problems.

All organisations establish rules for membership and this serves to mark the distinction between the organisation and its environment. As far as associations are concerned, this includes associates, a board as the main governance body, workers and managers. So, outside the organisation, persons are part of the organisational environment and are observed as the core of the purpose-specific programmes. They only enter the organisation by being observed. However, the border is more tenuous when users can participate in the organisation’s decisions through communication channels established for that purpose.

1.7. Observations of the problem of financial exclusion by an inter-organisational project

The inter-organisational project is another form that the third sector may assume. Where a project mixes organisations from different sectors they may be described as partnership bodies. The project in question connects a group of voluntary and statutory organisations that observe the problems of people in contact with the financial system. Organisations are described as observing the world from a particular viewpoint that defines the organisation's purpose, i.e., the purpose that constitutes them as observers. The steering goals of the different organisations appear explicitly in their communications with each other. The project aims specifically to observe a problem from several perspectives.

> The meeting you've just attended is called Financial Inclusion Group and the people that were there was Credit Union, Neighbourhood Management, Department of Work and Pensions, Healthy Life Charity and our own Financial Literacy Worker. We have had other members in the past but this is the core group. The group emerged about 2 years ago when we were individually expressing concerns about people's financial situation. From the Citizens Advice point of view it is about debt and how people are managing their affairs. From the Healthy Life Charity it is about helping people living healthy but recognising that people sometimes are struggling financially. Credit Union is about insuring that people can save and borrow money that they can afford and particularly to address the issue of extortion at lending. So we've met and gone through a number of issues. One of the things we've identified was that we needed someone who would help people with their financial literacy, so would raise people awareness about managing money. As a result of that we put together a big lottery funding application which amounts to £127,000 over 3 years and a person we appointed to that post (TSO, manager).

I attended one of the project meetings (12/12/2006), intended to identify which particular social groups and in what respects they were affected by financial exclusion. Each organisation presented its observations to create a new observation of people vulnerable to financial exclusion. Organisations then acknowledged that they lacked access to all those affected and so they identified other VOs to contact as a gateway to them. It was observed that 'people not plugged into organisations are difficult to reach'. Organisations described how their activities were contributing to reduce the risk of financial exclusion and how the project would fit in. By doing this, they were creating new self-descriptions of their work from the perspective of its contribution to reduce financial exclusion. In sum, the logic of this meeting had more to do with reshaping organisations' self-observations and self-descriptions than shaping the project, which was already running. But, first, irritations of the problem of financial exclusion must enter communication in the organisation.

2. Deciding how to be observed

Since the autopoiesis of organisations is based on its capacity to take decisions, any reduction of this capacity may be seen as a threat. Being able to define who the clients/users/members are and having direct access to them are relevant in the organisation's self-descriptions. Freedom regarding users' observation, even under governmental funding, is valued as an element of organisational autonomy. In fact, this belongs to the tensions between organisations and public bodies and, given that the organisation's self-observation is coupled to its observations of persons, loss of control of users' observations threatens the organisation self-reference.

But the control of observation of persons as users does not reside entirely with organisations. Self-referral, the term used by organisations to describe the situation in which the person addresses the organisation directly for help, without the mediation of another organisation,[64] implies that persons have some control regarding how to be observed. The greater degrees of freedom of individuals regarding how they are observed is, in the self-description of organisations as voluntary organisations, a

[64] There are other ways through which persons are put in contact with the organisation. One strong element of communication between organisations is mutual referrals, where they recommend people to address other organisation to solve their problem. Finally, there is referral from public agencies that rely on agencies knowing what work is being done by local organisations or on specific agreements or contracts for service provision.

crucial element. It therefore appears as a difference in relation to the statutory sector. Because of this, public programmes and professionals' observations may be seen problematic under this idea of users being in control of how they are observed.

> People will come to us… Mental health services, some users feel that they are coercive, in the sense that within the traditional mental health delivery there is a degree of control. There is a different culture in the types of services where clients are vulnerable. We have a Mental Health Act that is getting more controlling than it has ever been. People can have their freedom taken away. They are afraid to go to social services in case some enthusiastic social worker starts taking the children away. Or you come here and talk to people because you have not been taking your medication but you don't go to your GP or your social worker because they might actually put you into section. You fear it. It doesn't mean that they will. There is an element of coercion. Mental health treatments can be very controlling. People can have their freedom taken away and be admitted to hospital and given injections and medication against their will. So the relationship with the VS is really important. We are not the doctor, we are not a medic, we have not power under the Mental Health Act. Trust, isn't it? People are afraid of people coming in and taking over. And those that had been to hospital and been sectioned before have the greater fear that it might happen again… and also the hospital itself, the way they control everything. So people come to the VS because they perceive it to be... they've got more trust in us. We do have obligations to report stuff, but you know... So, the VS is a really important part of the health services, people will come to us (TSO, worker).

In this observation what stands out is the fear of the coercive measures of health system organisations that leads some users to prefer to be observed from a health perspective but not in terms of the observation programmes of those organisations.

Organisations mediate between the self-observations of the users and the observations of the users by the systems and possibly creating irritations that may bring the two observations closer. But it is clear that the state's coercive capacity gives it more power to define observations. The next quote is from an organisation whose role is specifically to empower users to exercise greater control over how they are observed – doing so by helping them develop their self-presentation. Again, the coercive aspects of the state emerge in descriptions.

> When you are advocating some of the things that people can be talking, because it goes all the way from working in a very simple case, maybe somebody wants to go and talk to their GP and he is finding it difficult to talk, all the way up to child protection where there is the risk of the child going into care. And so they have these meetings of child professionals, with police, social services, health and everything, all of them questioning

> their parenting and talking about whether the child is at risk of violence or neglect of whatever (TSO, manager).

This organisation, whose self-description includes the concept of advocacy, provides sessions with users where systems complexity is reduced by providing information about system's programmes. People are helped to develop a greater capacity to defend their interests in the interaction with public agencies by improving their self-presentation and preparing them for the interaction they will encounter.

Besides the general advocacy that it provides to the population in the district mostly supported by volunteers, the organisation is also involved in public health programmes in which the state has the statutory duty to fund advocacy for certain groups. These are particularly helping people to complaint about the health services (ICAS), another to represent people without self-representation capacity who don't have friends and relations (e.g. dementia, brain injury), where the organisation does speak in the name of the person (IMCA) and, under the new Mental Health Act, people will have the right to advocacy when dealing with the system (IMHA).

The observation empowerment/dependency includes establishing shorter term relationships with the users enabling them to manage without the support of the organisation in the medium- and short-term. This semantics is present in some organisations as well as many public welfare programmes. The observation of empowerment includes the idea that the organisation should not observe *on behalf of* the person but develop a person's capacity to produce her own observations. This, again, generates tensions as it shifts the problem of complexity-reduction to the persons concerned and, paradoxically, under a semantics of empowerment, may disempower them. One manager identified these tensions in trends to the individualization of care in public policy, for instance through personal budgets.

The semantics of rational and reflexive persons highlights a tension between the discourses of participation and even democracy and the sheer complexity of the real world in which democratic participation is supposed to occur. Systems theory seems more helpful here by suggesting that the semantics of the reflexive individual is as contingent as any other observation and by compelling us to look for the observer that produces these observations.[65]

3. Lacking the regulator

Programmes in organisations establish the conditions for making decisions about which people are to be observed as users and also establish the external borders of the organisation. Organisations may have different projects that may observe differently within the limits established for observing and their discursive and material capacity to engage in observation. As users must be constituted from inside, observational programmes must be used to make users observable by organisations. I use the term regulator to describe this organisational self-reference mechanism that allows organisations to observe. The term derives from Ashby's regulator of complex systems, which refers to the capacity to counteract environmental complexity point-by-point. Ashby's analysis is static, however, and not fully adequate for social systems. So, following Jessop (2010), I argue that the regulator should maintain a repertoire of actions as possible responses that it uses reflexively and should be open to renegotiate its objectives – this is no more than the capacity that users/clients might have to participate in the definition of the way they are observed by organisations and of the services that are provided (cf. Pestoff and Brandsen 2007).

[65] See Andersen (2007) for an analysis of this trend towards user empowerment in terms of placing on users the onus for self-control.

Self-reference is necessary to prevent the organisations from being overwhelmed by environmental complexity. When their observations start to coincide with those of the public services, they tend to become like public organisations. They will persist as organisations but lose the quality of TSOs because these are not supposed to be in any particular system.

In TS semantics, isomorphism with public organisations is often regarded negatively and attributed to reliance on public money. The next quote shows the type of distinctions that is used to establish the difference between TSOs and statutory agencies and agents, including specific dress codes and attitudes by the staff of TSOs:

> Charitable funding you can get big chunks of money and justify what you are doing, that's all fine and appropriate and easy to do whereas the statutory money has much bigger requirements, which is tricky for a small organisation. There is an organisation Durham-based and they are a charity, a VS organisation but they really have taken on the new look of the TS so they've got a whole kind of management section and they are suited and booted and do, you know, talk the talk, and that's what we are moving to! we are moving to asshole looking like they do, which we didn't do, you know... you would always know the VS representative in meetings and now that's all going (TSO, manager).

The regulator may also be unable to deal with the complexity of the users. I found an organisation that was so close to the users that it virtually mirrored their problems. Thus it had difficulty to steer the users to improve their situation as, in a way, it resembled organisationally their chaotic lives. This problem is recognized and hotly debated within and among organisations.

This means that isomorphism not only happens between TSOs and the organisations specialized in the functional systems, particularly those of the welfare state, but may also happen with users. The two cases can be interpreted in terms of the absorption of too much complexity from the environment – which occurs because they lack the autopoietic capacity to transform unstructured into organised complexity, the regulator. But this is a tension even inside organisations. TSOs perceive the need to reduce the complexity of systems for clients by making decisions in their name, especially for certain groups, as a contradiction between the principle of client participation in organisational governance and the need to reduce complexity for those clients.

> There is quite often in the sector a contradiction in the moral authority around governance. There is a fundamental believe in the sector that the individuals who are the recipients of any service of an organisation should be involved to some extent in its governance, should be able to sit on the trustee board or influence the policy of a VO. If you take that, you have organisations who are concerned with providing for people who are suffering mental illness and within their governance constitution they reserve a third of their places on the trustee board for the client group. Well, the client group isn't able to cope with their own circumstances let alone running an organisation (TSO intermediary, manager).

We can also study organisations in terms of how they act as a systems' regulator to absorb environmental complexity. This regulator is the organisation's observations, including the decision programmes and the self-descriptions. With their observation programmes, TSOs constituted by a particular system/environment difference can be seen as regulators that mediate the complexity of systems and their relations with their environments. Observation failure can be seen as the incapacity of the organisation to create a distinction between itself and the environment and the inability to transform environmental complexity into organised complexity according to their purpose-specific programmes. In this way, they have insufficient requisite variety to enable them to deal with the complexity of the systems in their environment.

4. When an organisation loses self-reference

In addition to their role in enabling the political system to produce the welfare state, law and money are also the media through which the political system irritates TSOs. Due to their dependence on funding, they are influenced by the programmes associated with money, even though volunteers also provide many services. The tension between autonomy and resource dependency is at the forefront of TS reflection-theories that highlight the changes brought by the contract culture. But, as already remarked (Taylor 1997), different types of funding programmes have different observation premises. Funding associated with technologies typical of the market and businesses has been penetrating the relationship between the TS and state. Procurement practices illustrate how this may change TSOs through funding programmes that require organisations to compete in the market to deliver a set of services specified by the funding agency. Thus one of my cases involves a two-stage shift of public management from delivery by local small independent VCOs to subcontracting to a very large TSO from another part of the country, which, in turn, subcontracted delivery to local TSOs providers. This exemplifies how the shift to procurement may affect TSOs, sometimes leading to their closure, sometimes producing fundamental shifts in self-reference or/and structures.

One of the subcontracted local TSOs illustrates such changes that bear on the semantics of the VCS. The organisation was already specialized in a single service and relied heavily in the funding made available for this service, this dependence on a single funder for a single programme (lack of requisite variety) was reinforced by specific features of the new programme. It is possible to see that the organisation:

a) loses its identity based on a particular group of users to provide services to various groups that used to be clients of other organisations;
b) sees service to users as persons (or units, to use the organisation term) replaced by hours of service standardized to all users that the provider needs to report once a week;
c) has no direct access to possible users, no capacity to choose the users, describe them, define the service that is being provided and the way of providing it; these capacities are shifted to the subcontractor;

d) loses its participation in the network of mutual referral in the locality which put it in contact with other TSOs and public services. As its manager says:

> Because they are making the referrals, we as an agency lost touch with other agencies. We lost the relationship. […] Because what happens is that I always said to people, 'if you want to refer a client, give us a call and we discuss it and give advice'. I did a lot of that. Agencies would phone up and say these are the issues, and I would give the options. It was much better. That is not going to happen (TSO project manager).

e) is prevented from helping the client beyond providing the stipulated services, thus preventing the open observation of the client that usually leads to the development of additional demands or services;

f) had to dismiss admin staff as some of these tasks were transferred to the subcontractor or the frontline workers and the number of hours was reduced.

For the users, besides the reduction in contact time and in the variety of services, the service is said not to have been improved.

> It's always better when the person who is doing the assessment is the same who is going to work with them. Now… the client at the moment has to fill in a referral form and is asked all these questions by one person, then the referral form goes into them, then they go out to see the client, then ask more questions, then the client is referred to us and we ask more questions.
>
> […] The clients are being messed around. They are waiting for ages. If we got a referral in the old days, we would have a referral meeting on a Tuesday, we would know if we had vacancies and the referral would go in. We would see them within a week. It is taking five weeks! (TSO, project manager).

For other local organisations, it led to the closure of services and the dismissal of staff. It brought to the locality a major national TSO that was described as supermarket-like with high capacity to compete for service provision.

> It is a very large organisation which does everything we do. So they've got houses, tenancy support, young people's groups, masses of stuff […] They've got quite a good reputation but they have been like Tesco, they go to areas and buy up projects (TSO, project manager).

Cases like these and others are often picked up in conversations with TSOs when observing social and partnership policies.

5. Making a difference and observing the difference that is made

I now show how organisations observe reflexively under the semantics of 'making a difference'. This may also include elements of reflection, the third mode of self-reference, insofar as 'making a difference' involves self-descriptions of the organisation's difference from the environment.

The self-description of 'making a difference' is a generalised semantics among TSOs but it is rarely specified what difference is being made. Yet this difference means that organisations become governance mechanisms that (a) create the difference between the observation of people's situation and the desirable situation and also (b) operate to reduce this difference. The self-description of making a difference was often encountered in organisations' self-descriptions and in their descriptions of the sector. The following quote demonstrates how the difference that emerges is related to the governance of welfare.

> I think the VS fills in the gaps… it works outside of the statutory bubble to meet the needs of local people and the VS comes from the people, it's not a sector that has been imposed on anybody and the statutory sector is there to meet the needs of the government and the VS meets the needs of the people. The VS has grown from the needs of the people, the YMCA traditionally has grown from an identified need, of everyone in crisis, in shelter, they all came from an issue and they've all worked to meet the need of the people that weren't met by the government and I think they still are… the VS is led by members of the community who want to make a difference and want something to change (TSO, manager).

The self-description of a sector as doing what the statutory sector does not serves, from a governance – or 'difference' – viewpoint, to indicate that there are ways to observe what should be done that differ from the observations entailed in public systems' programmes. Popular initiatives carry the same message in the form of protest (cf. Luhmann (2006) on the autopoiesis of social movements).

> But structurally you need to recognise that the reason why the voluntary sector exists is because the statutory sector isn't doing something. So the voluntary sector creates itself almost spontaneously when a new group comes up, because it's on the cusp of social policy and that can be for various reasons. It can be because statutory authorities don't have the money to do something or don't have the inclination to do something or, worst of all, don't have the civic leadership to be able to do something. So the VS is born in those sorts of circumstances. So, because the VS is born usually as a protest to begin with and then an advocate and then an action group it is always going to lead to difficulties with the statutory authorities. Because, if the statutory authorities were doing it anyway, you wouldn't need the VS to be there. So structurally there is always going to be conflict within that sort of arena (TSO intermediary, manager).

In face of this, the governmental agenda of public services delivery by the TS is observed problematically under some self-descriptions of the TS.

> TS has never been constructed to deliver services. The TS exists because the services don't exist themselves. TS operates on the cusp of social policy, it operates where policy fails, it operates where policy doesn't exist. That's what makes it passionate, that's what makes people go to meetings in the evening and volunteer at weekends, because if they don't do it it's not going to happen. If it was going to happen, it [the TS] wouldn't need to exist. So almost by definition it's the wrong people to accept services. Business can do that, because they can contract, they understand what contracts are. The TS isn't structured in that way (TSO intermediary, manager).

But organisations also 'make a difference' in people's lives. Public funders request organisations to show how they do this through the governmental technologies of accountability and transparency. This means that the difference will have to be specified in a way that can be communicated. But any such information will always involve selection. A further source of the difference between the instruments of reporting difference and the difference organisations consider they are creating is that different systems require organisations to make different observations on how they make (and minimise) differences.[66] The following quote illustrates the increasing pressure of organisations to prove the 'difference' in a communicable way.

> I think we used to deliver people's work and we need to sell our product at the same time. The most difficult is we may not be able to play down everything that we do into a single unit. The right way to describe it… So now we have to show what we do to the statutory agencies because they have to commission services to the VS and we've actually done very well, haven't we? How do I put this in a package that says what we do and what we will achieve? So we know what we are doing but now we have to do it in a different way,

[66] For a discussion on different modes of accountability, see (Goodin 2003).

> whereas before we used to say it's vulnerable people and now I have to prove the outcomes of what we are doing. It's more difficult because lots of the things have to do with working with people will take years before you see some results. How could we measure what difference your intervention makes? It's a big change. How do we pack the work? (TSO, worker).

This quote also deploys market semantics in its reference to the need to 'selling the product' and 'packing the work'. The same point emerges in other organisations self-descriptions that mention changes that they are undergoing. Market language has also been incorporated into public services through the Best Value regime, in which services must compete on a cost/benefit basis (see Chapter 8).[67] In addition, the difference that is reported hardly coincides with the difference that organisations aim to make because the reporting framework for such observation is very short-term. Therefore, what is observed is not the difference made but the activities established to make the difference.

In this context, most of the previous self-descriptions converge on the idea that the TS is more able to observe the clients and thereby make a difference to their lives. This suggests that the semantics of the sector are closer to the people and that self-descriptions contribute to the coupling of functional systems and people.

> You sit with somebody who may be extremely angry or extremely upset and by the end of the first interview you will be called 'the first person that listens to me' and that will be after talking to every single statutory agency there is. But, of course, they are only looking for their little remit and they are asking questions to fit in their category and if you don't, goodbye! Whereas what we are doing is listening to what they need and then pointing to where they can go or taking them there, which again… there is research that says that a women fleeing domestic violence who receives the assistance she is seeking needs to get to 17 agencies. Shocking! You are not going to do it, are you? If you are still alive by the time you go to the 8th one and if you've got the energy and the capacity to believe that anyone is ever going to help you, which you just don't know (TSO, manager).

[67] The 'best value' policy requires local authorities to review their services on a regular basis and consider the benefits of alternative modes of delivery, including partnership with other providers in the public, private or voluntary sectors.

6. Conclusion

This chapter used an observation-oriented framework to describe the self-descriptions of TSOs observations, positing that it is through their observations that they get constituted as observers. From the previous self-descriptions we can conclude that 1) organisations main self-description is their observing people's lives and the focus on the client/user; 2) their self-reference and requisite variety depends on the maintenance of control over their observations of persons; 3) but this implies that the regulator must allow negotiation; 4) their semantics, emphasised by the self-descriptions of 'making a difference', is the expression of their observation of the lifeworld as the openness for potential observations; 5) organisations as observers are constituted in their relationships and intermediations between people and systems.

In this chapter I used as entry point the self-descriptions of the elements that constitute the decision premises of organisations and how the observations of users (or other signifier) are complexity-reduction operations that constitute both the users and the organisations. This standpoint, of TSOs as observers, leads me to consider the relevance of the structures and operations that are described and the meanings that inform strategies and expectations. I followed the idea that TSOs establish couplings between different systems. Even though organisations operate between their users/clients – which they constitute as such – and the systems, they belong to neither side. They are separated from the environment and gain their distinct character through programmes of observation, personnel and communication channels, selecting from environmental complexity the observations rendering them women's, health or community organisations. Their self-descriptions emphasise the focus on persons and their intermediation practices and their roles include the social integration of persons.

TSOs semantics is based on the difference of the TS from state (or government) and market. Because of this intermediation between state and market, TSOs tend to identify the borders, couplings and irritations between functional systems and psychic systems (cf. Chapter 5). This enables them to produce observations that reduce the complexity of these systems, making them mutually observable (albeit at the expense of failing to see what they cannot see). They operate with programmes to minimize that difference. This occurs through the re-entry of the goals of other systems into the objectives of TSOs. These can include what the human beings whom they observe describe as their aspirations or what relevant functional systems establish as goals or, again, what the available semantics in society provide, such as observations of persons, citizens and communities. In this way, TSOs may serve as steering mechanisms for social inclusion.

Attempts at inclusion by rendering their clients/users observable leads to tensions in the daily practices of TSOs because any selection implies contingency. But, dealt with at a second-order level, the visibility of tensions shows that TSOs also observe this contingency and deal with it strategically (cf. Chapter 5).

Because of this potential variety of observations of the concrete complexity, not only TSOs incorporate requisite variety to deal with current complexity, but it can also be argued that they are able to observe the lifeworld in the sense of the potential observations that are open by the contingency of observations (Luhmann 1990b). This matters because one observation only sees part of the world (and cannot see what it cannot see) and, hence, the unmarked outside may remain unobserved if there is no observer. As soon as an observer appears, the consequences of the system's complexity-reduction become visible, even if from the viewpoint of another observer. TSOs, I argue, by virtue of their constitution as observers in the intermediations they produce in the communications between social systems and psychic systems,[68] are able to make these further observations. Because of this, TSOs can operate as a channel through which infinite expectations are placed on the welfare state while, at the same time, operating as integrative mechanisms that allow the welfare state to establish limits without questioning the universalistic semantics of its functionally-differentiated systems.

However, the maintenance of TSOs requisite variety to observe cannot be taken for granted: there are two possible situations of insufficient variety. One is the absorption (rather than reduction) of psychic systems' complexity in such a way that purpose-specific programmes cannot be stabilized, making the organisation ineffective as a steering mechanism. Thus, the organisation becomes as powerless as those whom it is supposed to help – if the organisation is tasked with helping them. The other is the absorption of functional systems' organised complexity with the result that organisations come to resemble functional systems. The latter is a common theme in discussions on institutional isomorphism (DiMaggio and Powell 1983). Law and money are media used by the political system to steer the welfare state and TSOs. This is a site of tension between organisations and public programmes. Programmes and their associated resources are a main decision premise for organisations, so that most of the latter tend to value the capacity to remain in control of their observations, paying special attention to the features of these programmes (contracts or grants) or to the diversification of their funding sources. Provided that an organisation has several funding sources and can prioritise different objectives, no single programme has the capacity to determine the organisation's observations and it can maintain requisite degrees of freedom to pursue its objectives. But organisations are encouraged to orient

[68] It should be remembered here my discussion on intermediaries in Chapter 2 regarding their role as helping constituting what they intermediate.

themselves to adopt market semantics and observations at the same time as the public programmes under which they provide services are also increasingly shaped by market-like technologies of steering.[69] This introduces deep changes into some key elements of TSOs' autopoiesis, such as the capacity to take decisions concerning which persons or groups to observe and the capacity to observe the user/client complexity.

Finally, the organisation exists in an environment that is constituted through the very same process that constitutes the organisation as separated from the environment. In this way, the environment in which the organisation operates already depends on the observation of the organisation. So, one must also explore the contexts that shape an organisation's structures and operations. For TSOs' observations, their self-reference, are shaped by the role they play in particular historical contexts. In this case, it is the welfare state and the problems created by functional differentiation and hypercomplexity (like, for instance, in the description of the number of agencies a woman suffering domestic abuse must go through).

The previous chapter described the historical material and discursive invention of a TS, both nationally and locally. I showed that there is a particular kind of observations in organisations that are shaped by the particular spatio-temporal fix. These observations shape organisations self-descriptions and also how they are observed to be in network governance. The self-descriptions encountered in this chapter are coincident, as they point to a preference for the semantics of the complementary role of public welfare and observation of statutory responsibility. These descriptions were established under the role of extension ladder of the residualist-universalist type of welfare state in England and still draw from the social movements semantics that help

[69] Defined as 'includ[ing] diverse social practices that are mediated through specific instruments of classification, registration, calculation, and so on, that may discipline social action' (Jessop 2009).

building self-descriptions of a sector. Despite the trend to the emergence of new observations, the observations of complementarity, re-entered under the difference voluntary/statutory, are strong. However, there is scope for fundamental changes in the self-observations of organisations, namely under the example of the very large organisations that developed as service providers 'Tesco-like' or the transformations brought by procurement and scaling up in some of the most important premises for observations of TSOs and the TS, namely, the loss of control over the observation of users and the loss of local TS networks. Participation in governance, on the other hand, challenges the self-descriptions of difference state/TS. The challenges are on the self-reference of organisations as its other, the state, is also changing.

As said, the next chapter will complement the present one as, after defining TSOs as observers, it will observe TSOs observations of the functional systems with which they interact under the descriptions of failure.

Chapter 5

Third sector organisations as second-order observers

This chapter focuses on organisations' self-descriptions of their observations of systems failures. This is important for the consideration of the role of the TS in network governance due to their capacity to communicate with several systems and to bring requisite variety to welfare governance. My entry point is organisations self-descriptions as second-order observers of system failures and my standpoint is the description of TSOs as coupling mechanisms between different systems: psychic systems, defined as persons in contemporary societies (Luhmann, 1995), functional systems, organisations specialized in functional systems and the system of society with its others community and social movements. I am observing systems' observations as meanings and semantics constituting structures of expectations and strategies. These descriptions regard observations as the co-constitution of structures and strategies as understood by the SRA (Jessop 2008a).

Whereas the previous chapter examined first-order observations insofar as self-descriptions were used as a proxy for basal self-reference, the present chapter investigates reflexive observations that involve organisation's observations of their own observations, i.e., the observation of the way organisations deal with the systems and the difference between the organisation and the observations of systems' organisations and programmes. I organise my analysis around the indications of the three modes of governance that TSOs are said to mediate or mix in the self-reflection theories of the TS: state, market and community (as mentioned in Chapter 2). In Chapter 3 I argued that the semantics of three or four separate sectors is constitutive of the emergence of a sector in the UK and later in the observation of its mixed character (Commission… 1996). I will explore the semantics through observing organisations self-descriptions and their descriptions of other sectors as presented by TSOs managers and my own observations in the fieldwork. However, as already argued, the observer also has a standpoint from where it observes. This is confirmed below, bearing in mind that organisations can observe from the perspective of several systems. Not only will they observe systems' failures but they will do so from the perspective of several systems. Chapter 2 described the main elements of the observations of the three modes of coordination/governance and considered these as self-descriptions of systems. Community, as I argued, can be conceived as a self-description of society. TSOs can use the semantics of community and/or social movements and establish couplings with functionally-differentiated systems, thereby bringing to system's observations the observation of functional differentiation.

Nassehi claims that organisations make systems observable (although not totally observable) through installing 'rational addresses of accountability into function systems' (2005, 189). As argued in Chapter 2, failure feeds governance as it is related to minimizing a difference. Furthermore, TSOs not only indicate failures, but they are also involved in practices of difference minimisation – pointing to the 'guilty' party and demanding that the situation be corrected.

During the formation of the concept of TS, some reflection-theories described the TS as a mechanism to overcome the failures of market and state. This has been one of the most recurrent topics in the discursive construction of the TS and corresponds, in some cases, to strategies of retention (Jessop 2009) through couplings with existing economic and political theory. For instance, North American economic literature on the TS developed around these failures to justify the existence of the TS. According to

Weisbrod (1977), the TS both overcomes market failure, in producing public goods, and addresses the state's incapacity to satisfy the demands of a heterogeneous population for public goods. Trust theories explained the option for non-profit organisations as a preferred solution to market information asymmetries given the non-distribution constraint (Hansmann 1979).[70] As an alternative to rigid state bureaucracy, but also to the 'bottom line' limitations of market agents, the TS has also been described as more flexible and thus more innovative. It has also been ascribed other potentials that are related to its links in civil society and to the capacity to overcome the failures of the state, such as: advocacy in the name of particular or broader groups and to link between individuals and the political process, ability to create a space of civic involvement, and capacity to serve as a vehicle for self-expression. Another alleged attribute is the capacity to create a sense of community, by encouraging social interaction, trust and reciprocity (Salamon et al. 2000).

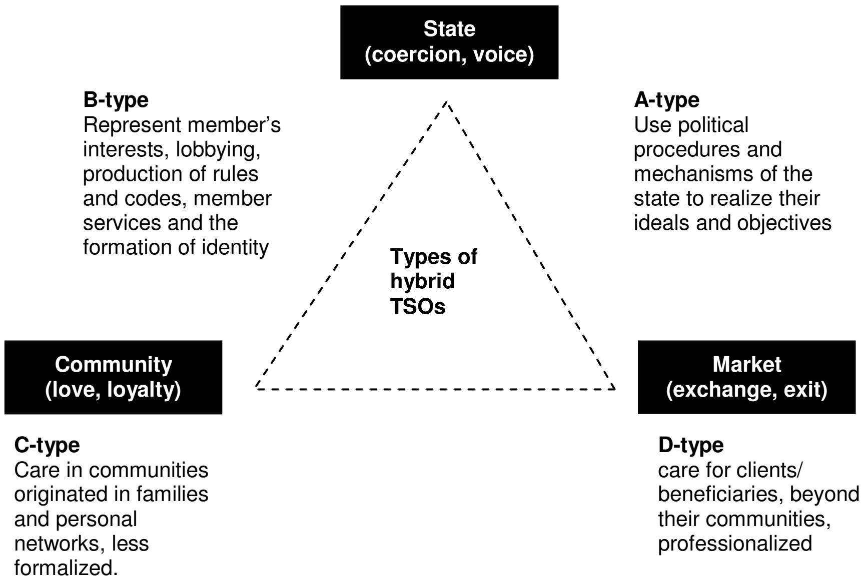
Several recent works regard hybridity as the defining feature of TSOs (Brandsen et al. 2005; Evers 2005) or a growing trend for TSOs under welfare state changes (Bode 2006). Others identify hybridity in a subset of TSOs that mix objectives of social change with provision of services (Hasenfeld and Gidron 2005; Minkoff 2002). Brandsen et al. define hybridity as 'heterogeneous arrangements, characterized by mixtures of pure and incongruous origins, (ideal) types, "cultures", "coordination mechanisms", "rationalities", or "action logics"' (2005, 750). As Miller et al. (2008) mention, hybridization can be an alternative to colonisation as it means that no rationality should dominate. Karre and Ribeiro (2005) define hybrids as organisations with multiple cultures, against 'normal' organisations, that have several subcultures. While in the latter case one subculture tends to dominate, in the former case cultures

[70] For a review of this literature under the concept of coordination failure, see Enjolras (2000).

coexist. According to the authors, hybridity arises from organisations' multiple external relations and interdependencies with different worlds. For Teubner (2007), functional differentiation of systems is a condition of hybridization.

Brandsen et al. (2005) propose a typology of hybrids focusing on the relationships that TSOs express.

Figure 2 – Types of third sector organisations



Source: Elaborated from Brandsen et al. 2005.

Although these ideal types serve heuristic purposes, I argue that one can see greater variety within organisations, even in those that are not multipurpose. In any case, the organisations examined here, as in previous chapters, exemplify all types, including an organisation inspired by the feminist social movement, an organisation evolving from carers' mutual-help, a Christian-inspired youth services association, organisations providing advocacy for certain groups, service providers, a sector intermediary and an environmental SE. Furthermore, I am interested in observing from a more complex perspective how organisations may deploy the observations of one system about the failures of other systems. I also argue that the context-specific content of the resulting observations is what renders TSOs distinctive, since coupling different systems is a defining feature of organisations. I argue that TSOs self-observations of the primacy of their observations of people contribute to this distinctiveness.

The scheme of my observation, as developed in Chapter 2, implies observing observations at first-, second- and third-order level of failure observations. TSOs render visible the failures of functional differentiation, but also help to displace them to a new blind spot that is rendered visible by the paradoxical and contradictory trends that can be found in these organisations.

1. Organisations observing the welfare system

Many TSOs that are coupled to the functional systems of health, care, education or the legal and political systems observe the failures of the system's programmes in terms of the inclusion/exclusion of the users or beneficiaries. As systems' observers, organisations indicate the failure of the mark that draws boundaries between people that are seen as beneficiaries, users or clients and those who are not but should. That is, they work in the contingency of systems' observations when these create the unmarked space. This observation implies that organisations are placed in the environment of the systems whose limits they observe from the viewpoint of other systems. In this type of observations, organisations may not challenge the code of functional systems (healthy/sick, needing/not needing) and even work within the code, but they observe the programmes for the application of the codes indicating the blind spots. They reveal these blind spots because programmes are always selections (paradox inclusion/exclusion) and interact with other systems in complex ways in people's lives. TSOs may contribute to the observations of a given system by describing persons under this system, pointing out the exclusions which may happen due to the effects of the complexity-reduction operations of other systems, and demanding corrections to be made so that people are included in the system's programmes. This is now illustrated.

Gate-keeping by the public agencies is one frequently mentioned issue and much TSO work serves to render users observable by systems. The following quote shows that communication depends on meaning being an iterative process between two systems observing differently the same object. What is pointed out is the forms of closure put in place by public bodies.

> If I talk about homeless to a councillor or officer he thinks about statutory homeless, I think about homelessness, he thinks about 'those to whom we owe a duty'. So I can work with a rough sleeper because he didn't pay the rent of the last flat, he got chucked out, he is homeless but he is not statutory homeless because he is… what is the word… responsible for his eviction, intentionally homeless. Language… some words are statutorily defined […]. These sorts of things, the bureaucracy around the statutory services that will accept certain needs and not others, what is a want and what is a need … 'we will meet community needs as a set' – the unmet need agenda – 'we try to protect ourselves from statutory liabilities, defining it and putting gates around it, setting priorities in that'. It goes against the full spirit… you can find yourself in meetings not understanding the power issues but the fact that people seem to be resisting and blocking, what they are doing is protecting their liabilities. You don't often feel welcomeness to feel the problem because they are trying not to take on the problem by not being that enthusiastic. So it's the politics with small 'p' and there are bureaucratic boundaries about issues and words that we may use in a much more open easy way… (TSO, worker).

This self-description mentions the power of discourse that establishes boundaries and prevents some communications to happen. Meetings are observed as spaces where certain topics are placed in the blind spot by more powerful intervenients and the political system (classified as small 'p' politics) described as including local government and administration. It is this political system that is observed on the other side, preventing the emergence of certain issues against a 'full spirit' of the reason why organisations of the political system and TSOs are meeting.

It is also to maintain the boundaries of public programmes that TSOs may be observed by the public bodies. One example was seen during a consultation on raising the threshold of statutory responsibility for providing access to local government social services, a redrawing of the boundaries of inclusion/exclusion of the social care programmes. The eligibility framework, provided by national guidance of the Department of Health,[71] specifies the life circumstances under which physical and psychic systems' needs are classified as critical, substantial, moderate or low, from physical and psychological threat to life to the absence of just a few aspects of 'an independent life'. According to national guidance, councils are free to set the threshold for eligibility taking into account resources, local expectations and costs (in FACS Guidance of Council). In presenting this review to VOs during a meeting I attended (27/06/07), an officer of the Council described the place of the VS as providing below the threshold of the needs, particularly those that will be falling off the statutory duty. The form of the observation of welfare work preventative/reparative, by placing VOs and statutory sector on the respective sides of the mark, shows/stabilizes the residual role of the state in welfare in England (Abrahamson 1999) and TSOs inside the steering goals of the state. The blind side of these arguments became clear when the VOs openly disagreed about the change of the threshold, worried about the possibility of cuts in the public funding for the services they were providing on behalf of the Council, and voiced concern that organisations would have to deal with the excluded people without any increase in their capacity (also confirmed in interview with a public officer).

The observation that excluded people should be included is made from the viewpoint of society that provided the semantics of inclusion, the idea that everybody and all issues should be included in the self-description of society as a whole. In the context of functionally-differentiated systems, however, this inclusion must be made in specific subsystems. Therefore, organisations are often active in irritating systems' organisations by reframing user needs in – communications that justify their inclusion.

[71] Department of Health, *Fair access to care services - guidance on eligibility criteria for adult social care*, 01/01/2003.

This is possible because organisations are observing the exclusions created by the distinctions that remain on the unmarked side, invisible to functionally-differentiated systems and their programmes. But also because organisations can create communications that resonate in several systems.

1.1. Observing systems exclusions help/not help or claim/not claim

TSOs self-descriptions show that organisations observe the needs of psychic and physiological systems (persons) at the borders of the welfare system's programmes, and attempt to create couplings between these systems. In the case quoted below, of a youth organisation observing the situation of young people leaving their family home, there is a strategy of reframing their needs to make them resonate in the public systems' observations as entitled to support. In the excerpt, the young person is observed as someone needing housing benefit and the description shows how this particular group falls outside the programmes for inclusion. First, the market fails by setting prices higher than young people on housing benefit can afford, and then the state fails to compensate for market failure.[72] The benefits subsystem fails because it can only observe young people as being in the family:

> The average rent is £325/month for a room, so the maximum you are going to get is £200. And where are they going to get the other £125? So there are a lot of issues like that that we are trying to overcome. And if they are 16 and 17 quite often they are not eligible for any other benefits because they should be at school and the parents still receive the child benefit so they are not eligible for anything else. So, the housing benefit is what they get. So, if they can't afford accommodation, how do they survive? We hear horror stories of how people are having to survive on the streets (TSO, manager).

Much of the work of many organisations is observing users' relations to the different systems' codes. This includes observing the two sides of the distinction, the exclusions operated by the codes, challenging the criteria for inclusion/exclusion of

[72] Very much in the spirit of the English type of welfare state, where the state only intervenes if the market fails.

the codes' programmes and reframing users' needs in order to allow them to pass to the marked side of the systems, making them visible to the systems through reducing users' complexity. This describes the work of advocacy on behalf of the users and implies organisations passing beyond the code of protest to re-enter in the systems. Organisations make strategic calculations concerning how best to present the user to the public services in order to get the support needed. They are at a second-order observation level because they observe other observations and know them as different from their own observations. When strategies fail to place certain kind of needs into the programmes of an organisation specialized in a functional system, one possibility is to place it in the political sphere or the legal sphere, expecting that the structural couplings existing between these systems will work to modify the needs system, through a judicial or a political decision. Successful irritations often depend on various couplings that organisations do not control.

Thus, one alternative strategy to solve the above problem concerning young people needs of accommodation is to frame the young person as homeless, and in this case the organisation is observing the local council statutory responsibility to provide accommodation. One strategy to influence the government is through public opinion:

> – We are estimating about 120 under 19 are homeless.
> – I read it in the paper and was surprised.
> – I think a lot of people are. We spent the last 18 months trying to raise awareness of that and people are starting to listen but it has taken a long time (TSO, manager).

But, even if public administration acknowledges responsibility for solving this problem, there are other obstacles to observing persons as homeless. This organisation observes the inclusion of the code intention/no intention as a condition to passing the mark for the observed side as a result of the lack of council housing:

> There is a loophole in the law called intention. If you seem to have made yourself intentionally homeless then nobody has any responsibility […]. And I think because

> there's such a demand on accommodation because we haven't got any accommodation it's easy to see somebody as intentionally homeless … so we had to challenge quite a lot of decisions there (TSO, manager).

The observation of the organisation reveals a blind spot in the code intentional/non intentional and in its associated programmes, namely, the lack of housing. The programme itself does not consider this other observation and, therefore, operates universalist criteria for classifying people as intentionally or unintentionally homeless. The organisation can, then, follow the strategy of ignoring what it knows and focus instead on the definition of intentionality, describing the young person as unintentionally homeless. Even if they win in this regard, the blind spot returns to visibility simply because there is no homeless accommodation in the area:

> – We challenge the decision and they are made statutory homeless and there is still nowhere to go so quite often they get something out of the district […] and if all the family links are here then they don't want to move. So, then they turn it down and they are classed as homeless intentionally because they haven't got enough accommodation and they turned it down.
>
> – You also challenge that?
>
> – We try but it is difficult to know what else, because if there isn't any accommodation in our district and they are offered accommodation elsewhere… in some way you can see the point of the council, we haven't got the accommodation in this district. For me we need to be generating more accommodation rather than saying 'we don't want you, so go!' (TSO, manager).

So, the organisation created a campaign about youth homelessness with public events and local newspaper reports. The organisation is also participating in the LSP and could place the issue under the observation of the children and young people BB. It won a grant to do support work and open a homeless shelter for young people. The fact that local government has statutory duty placed by national government in this area reinforces its capacity to resonate in the political system.

The housing problem and the failure of the local Council to support people needing accommodation emerged frequently in interviews to local TSOs: housing poverty, lack of housing for female victims of domestic violence, lack of housing for adult men, unhealthy housing conditions, and so on. In fact, housing is the most observed theme in the relationships between the local Council and TSOs. The loss of council housing due to Thatcherite policies promoting home ownership and the continuing restrictions of national government on local council housing programmes are often quoted as being at the root of the problem. The persistence of the observation of the housing issue among organisations is a form of resistance against the successive attempts at unloading public responsibility in this area (also in CVS, cf. Chapter 3).

It is the observation of the lack of housing that led the organisation to try to build social housing in cooperation with the local Council and the national body supporting housing associations. Given the scalar interdependencies, some problems cannot adequately be addressed or even be fully observed at the local level. An observation of failure at this level does not lead to a strategy targeting other places of the political system, particularly national government, but an attempt to solve the problem locally.

1.2. Observing the operations of the codes and functional differentiation

In this section I observe the observations that concern the operations of specific codes or the shifts of systems' codes. It is the complexity-reduction operated by the codes and programmes that is described as inadequate. This presents the organisations that deal with complex personal circumstances with a dilemma: preserve the complexity so that they cannot be observed by the systems or render them visible and generate new problems through the manner in which they succeed in making people observable. In short, complexity-reduction generates further complexity.

The following quotation is a self-description of a manager of an organisation focused on protecting women victims of domestic violence. When domestic violence is seen as a crime, it enters the legal system, which represents a success of the women’s movement but also creates a new observation that does not originate in this movement. It enters the observation of the legal system, observing from the code legal/illegal and the programmes of organisations that operationalize this observation, namely the police. Organisations themselves enter the observation of the legal system and are targeted by their programmes. This is seen in the following quotes.

> The problem with that is, and again this is my personal opinion, there are a series of issues of a police run domestic violence centre. If it was run by us it would work in a very different way. There would be confidentiality. The problem with us running it is that we only work with women and they want to get a drop-in for anybody. So the main problems that I have with that, and this is me personally, it's that it comes on their agenda and their agenda is reporting, reporting and getting convictions (TSO, manager).

The next quote describes organisations entering observations of the legal system.

> Domestic violence has been there from the historic activist movement, the women movement, and it is there on the statutory agenda… the first piece of legislation for domestic violence was in 2004. That’s quite exciting, the fact that it is named and that is an identified crime. That’s incredible. But it changes the way things work, it changes what they want from us as well. Yesterday, I was reading an article about VS consultation and statutory, that now have a requirement to consult the users of the services and we are kind of seen as the gateway to that. We are also seen as the gateway to cheap provision of services (TSO, manager).

The fact that domestic violence was rendered observable by the legal system implies that the universalistic programmes must now be installed. The tension between the universal nature of the legal system programmes and the selective descriptions that constitute the observation of women’s organisations emerge as a failure in the observations of the legal system for ignoring structural inequality between men and women:

> You are always arguing the same points, there is a whole issue about violence against women which is an issue within itself and it's not connected to other types of violence and you are not allowed to mention patriarchy in the legislation. You are not allowed to mention why it is the way it is and that means that you spend a lot of your time in there. There will not be one presentation that we do without somebody asking about violence against men in relationships and why there are not organisations to work with men, you know. There are organisations but they are very small… but you end up talking to justify the same things over and over and over because they can’t be explained in the right way at the right time (TSO, manager).

Functionally-differentiated systems are based on universalistic observations, particularly systems like the legal systems, which imply that they observe people as being equal regarding how they relate to the codes and programmes.[73] Conversely, women's organisations, like other TSOs focused on specific groups, are defined by observations of inequality, in their difference in relation to the environment which may be society. The tensions between the public programmes and VOs are frequent in this area, which reveals another paradox as it reveals that the use of TSOs to close the systems' borders returns to the system. By doing this, TSOs are observing the failures of the universalistic programmes. Here is a further example of an organisation description of the medicalization of mental health, pointed out as an insufficient way to tackle problems.

> A lot of things help people with mental health problems. Yes, psychiatry has a part to play but it is not the only. My experience with people with mental distress is that… […] if you resolve the practical things that people live with, whether it's poor housing or whatever, you find people's mental health improved. The medical model puts a lot of emphasis upon chemical treatment and stuff like that. But we find that helping people on the practical day-to-day keeps people's stress levels down (TSO, worker).

The code healthy/ill is considered inadequate to describe the broader range of user needs and how to meet these needs and the life circumstances affecting their health. However, the system only observes the health condition as it is described by the interviewee. The system blindness provokes further failures like the consequences of putting people with mental health issues in the community without adequate support.

Organisations may also observe systems' functional differentiation as a failure, particularly when they use the semantics of 'holism' for self-observation, as it implies distinction that places differentiation in the unmarked space. So, one observation is the blindness of the systems to the increased complexity that their observations produce in

[73] Willke speaks about a new form of law called relational programme, which combines a normative frame with cognitive learning processes that provide 'room for the discursive fine-tuning of complex relations' (1985, 290).

its environment (for instance, in the psychic systems). The following quotation describes the repressive measure towards young people as creating a vicious circle. This self-observation expresses the idea that the legal system should not be the main system for observation.

> It's a problem of young people they tend to introduce some more legislation against young people that has them arrested and then they end up in the criminal justice system when they probably shouldn't be. They keep complaining about prisons being full but the response to everything when it relates to young people is 'lock them up' and once they are in that side it's really difficult to break it.
>
> […] Once they get in that cycle it's difficult to get a job, it's difficult to get employment, it's difficult to get to college… it's all those knock down effects and nobody thinks of them until they are released and then there isn't support when they are released, it's back into the community (TSO, manager).

Holism can only be named in reference to differentiation and, thus, a substantial part of its semantics regards functional differentiation itself as failure.[74] Although the observation of failure of functional differentiation is not exclusive to TSOs,[75] they have the semantics and the structural conditions to observe these failures due to the couplings they operate and the second-order observations of systems. According to Kendall (2000), this semantics has been present in NSMs on poverty, environment and gender since the late 1960s and was integrated into public policies by think thanks like Demos (6 1997) and governmental policies in the field of regeneration. Given that difference between system and environment cannot be set as a steering goal (Luhmann 2002), holism is a re-entry in the systems of specific wholes, which can be defined as persons, communities or networks.

[74] Complex systems theories are seen by some authors as holistic, particularly as they intend to overcome the modern science idea of parts which can be separated to understand the whole (Byrne 1998).

[75] It also has been the semantics of many public programmes under New Labour and widely promoted by Demos. This organisation considers that many policies are walking towards holism, 'reversing the logic of nineteenth-century functionalism, and the logic of the new public management which divided every task into component parts, separate functions or markets', particularly through networks (Mulgan 2004).

2. Organisations observing the economy

VOs also observe the operations of the economic system and can also observe with its codes. This goes beyond the couplings generated by its dependency on monetary resources, although this does work as a premise for observation. This dependency or the decision premises introduced in funding programmes may influence organisations' strategies for observing the economic system. Two organisations where I conducted interviews can be framed as business for social purposes and they are partially involved in the policies of neighbourhood regeneration which, as I mentioned in Chapter 3, constitute a place where the state observes the TSOs as SEs.

Some organisations develop programmes to correct failures typical of this system. In the next quote, a Credit Union, a savings and loan bank for low income people, observes in the same codes of the economic system, pay/don't pay, but not from the viewpoint of the commercial banks' profit seeking programmes. This organisation observes the failure of commercial banks to provide bank accounts and credit to people in low income, given the creaming out of low income people through universal rules of access (e.g., the demand that the client has an ID with photo to open a bank account excludes those who cannot afford a passport or driver's licence). An emerging concept observing people socially excluded for being excluded from the bank system is 'financial exclusion'.

The organisation enables people to have a bank account, make savings and small loans as well as building a credit record in the CU. The failure that is observed is the inequality in access to the commercial banks created by the code profit/non-profit as banks make no profit with low income people. The same technologies of the banking system are used by the CU, such as the rules for access to credit, interests over the loans, risk assessment through credit records. The CU itself is regulated by the same agency that regulates commercial banks.

> The banks don't lend small amounts because they don't make money. In the CU you can borrow up to 3 times the amount that you have in shares and you have to keep the shares while the loan is going on, for security. So if you are saving £2 a week at the end of 13 weeks – the minimum period of an account for a loan because it demonstrates that you can afford £2 a week – you can borrow £78 and the bank wouldn't be interested in borrowing that kind of money. Sometimes in a contingency people need those kinds of amounts. For instance you have got a pet and suddenly you've got a vet bill. So, by saving in the CU, if something did happen, they could make a loan […]. The CU always recommends to save while you are paying the loan so that you've paid what you owed and still have more than what you've started with. It's a big psychological difference. People who are on very low income they struggle and struggle and then something comes up, can be heart breaking…
>
> We have members who can only afford £1 or £2 a week. We provide a service that banks don't. What can happen then is that they build a record of paying off the loans. Next time they might borrow £200 because they've already proved to the CU that they are a good bet. So you are building your own credit record within the CU. One of the reasons why some people have poor credit ratings is because they never borrowed money before. This is quite ironic because, if you are very good in managing your money, you've never had to borrow (TSO, manager).

The organisation is based in one deprived neighbourhood and has 37 volunteers and 2 members of staff funded by regeneration monies. It cannot survive purely on market income. So, although observing the economic system failures, its activities place it among welfare state organisations and programmes responsible to observe people in social exclusion.

By using market mechanisms to pursue social aims, this organisation could be described as a SE. While the VCS semantics address mainly public administration, the SE semantics points out to observations of the economic system. The arrival of the concept of TS to government observations intends to include VCOs and SEs under the same observation of a sector.

There are multiple meanings in the semantics of SE and a plurality of sources. With the semantics of SE, organisations are observed within the codes of the economy pay/don't pay but not within the code profit/no profit. One meaning of SE is provided by the government Social Enterprise Strategy (DTI 2002), which includes among the defining features the existence of market income from trade activity above 50% of total income of organisations (DTI 2003). Furthermore, funding through procurement and contracting with the state has also been framed as trade activity.[76]

The semantics of SE includes new self-descriptions of VCOs as working similarly to commercial business. A community centre, for instance, adopts the SE label by observing its capacity to generate resources through sales. In this case the observation includes both financial sustainability due to market income and the sustainability generated by the activities of the centre in the community, a meaning also associated to SE (interview to TSO, manager). The same with a large youth organisation observing the economy in its activities and the framing of contracts with the Council as market income:

> Yes, we've always done it because we always had to survive somehow and whether we've done that trough a business centre or fundraising or through… all sorts of things, we've always done it. We don't have the business centre… at the moment most of our work is through contracts with other agencies and you could technically say that because we have a contract with the city council and we do services for them that could be… and we have a radio station that will be generating advertising and this will pay for it… and training to other agencies. I suppose all these things technically make us a SE, depending on whose definition of SE you go with (TSO, manager).

In this quote, several elements are reframed under the economic system, like contracts described 'technically' as market income but also activities that generate income to reinvest in the organisation.

While two TSOs self-descriptions under the semantics of SE can be observed in the two previous quotations, an organisation that actually operates mainly in the market by collecting, repairing and selling used goods aiming at environmental

[76] A local SE study (Feasibility Study, n.d.) observed the TS from this standpoint, it analysed the structure of income to observe the government threshold. This would include trade, income generating and contract-based work. However, only 28% organisations mentioned getting more than 50% of income from trading. Of the organisations analysed, 30% identified their chief source of income as public sector contracts or SLAs and 41% mentioned grants. Only 5% mentioned sales as the most important income-generating source. The report, thus, concluded that, regarding market opportunities for SEs, the statutory procurement agenda is the most important and proposed enhancing TSOs' capacity to bid for contracts and developing a 'brand' of business for social purpose.

sustainability and social inclusion, i.e. a SE in the parameters of international definitions (Borzaga and Defourny 2001; Nyssens et al. 2006), criticizes the threshold of 50% trade income. What this observation brings to SE is, in fact, the code of the market while SEs are most often proposing an observation of another way to operate in the economic system that constitutes the market economy as its other.

> It's absolutely nonsense, it's absolutely a myth. The definition of a SE is social aims. There is an aspiration that it should be 60%, 40%... the grant should always be less than income generation… so if sales is 60% grants is 40%. My argument is that it's a lot of rubbish because here my sales were £50,000 and the grants were £50,000. Here my sales are still £50,000 but my grants are £150,000, so now my organisation has 200K because someone had come along and said 'we want you to do this service and here are £100,000'. Are you going to say no? Help you to build capacity, get more money in here so the next year you've got 75% there, so this is nonsense. It really drives me nuts this SE culture (TSO, manager).

The government definition focuses on income generation and reframes public sector contracts as trade income (which it is for businesses). This belongs to the long-term trend to reframe what used to be exclusive activities of VOs and statutory sector agencies as a competitive market, where all sectors – including the public sector – compete for public services contracts (Penna and O'Brien 2006). The interviewee shows the contingency of decisions regarding the classifications of market income and subsidy, particularly as the distinction between contracts and grants is blurred.

> And is that any different from a grant? They give you £100,000 and this is what you've got to do and they are quite easygoing. So you have to report once a year. NHS comes along and says 'We want you to do this things and this is the contract'. You've got to go straight to the floor with the NHS to make sure you deliver. They are going to be much stricter on you than the Big Lottery. But why does that go there and this one go here? [contracts to the sales and grants to the subsidies]. It's all about manipulating information. At the end of the day what makes a SE successful is if it's really trying to be sustainable. It's got some level of diversification but it has quite a strong core ethos and aims, and it's responsive, you've got to be flexible and responsive (TSO, manager).

So, for government, the attractiveness of SE is, first, the possibility that TSOs may find new resources that compensate the pressure on public responsibility and public budgets and, second, that the agenda of contracting and procurement meets less resistance. To TSOs, the semantics of SE is appealing as it resonates in organisation's aspirations of autonomy – being in control of how to observe.

> I think, from my point of view, we have integrated some SE and I feel really passionate because the SE side gives us money that we can spend how we want so we can maintain what we are about. Actually what we are about and what they are buying match quite nicely, it's just that we can do it our way instead of the statutory way (TSO, worker).

Indeed, there is a paradox. On the one hand, due to the association of market to freedom (as opposed to the coercion of the statutory sector), the capacity to dispose of earned income is seen as an advantage against the growing specification of contracts in the shift from grants to contracts. On the other hand, these same contracts that organisations are complaining about are part of that market income. This is a semantic trick, by reframing public sector contracts as market income their meaning shifts from coercion to freedom. And listening a TSO manager complaining about how tendering is time-consuming increases the paradox and extends it to public programmes.

> SE to me is about meaningful activity, it's about people working together, possibly to get jobs, people creating employment trough education and training opportunities. It's an area that, if I ever get past the crisis of being in a tendering position, I should look at that (TSO, manager).

Besides, this semantics sends to the blind spot the idea that organisations' programmes will also be conditioned in the market. One interviewee points out that organisations may be distracted from their true purpose if they must concentrate on securing state and/or market funding, leading to possible failure of the market (and community too, as seen below):

> How much this is delivering the ultimate objective or is it about managing a load of shops? May start to appear as a business who runs shops… at the same time we've got the same argument about the VS, did they became very expensive, are we actually delivering value for money? Are they actually looking at issues because is where it's money? The difficulty with both or the common issue is that some of the most deprived groups or difficult to reach groups find it difficult… so there are things like… it might be very difficult to set up a shop to help drug users rehabilitation… whereas if you are setting a shop for fluffy rabbits more people will go to a fluffy rabbit shop than to one for drug users. Equally it might be more difficult to get donations to drug users than to fluffy rabbits (TSO, manager).

So, observing from the viewpoint of the market organisations may place the resources as decision premises with the result that purpose-related programmes are directed towards the 'places' where resources are available. This can be similar to organisations reorienting their programmes in view of public funding programmes, but it is not the same regarding the outcomes for certain social groups that TSOs observe.

The semantics of SE focuses the social purpose as the difference, while using market type instruments. The following self-description of a SE denies being in the same market space as businesses, since the clients are people with no capacity to participate in the market economy. It describes it as 'the other end of the market', where an observation of market failure is presupposed like the case of the Credit Union. In the quote, the interviewee describes the need to negotiate locally with commercial enterprises in order to be able to operate locally.

> When we started we weren't competing with furniture retail because we are dealing with a different end of the market. We weren't even competing with second-hand shops, because we were working in a conjuncture at a different level. So I think if you pick it right and you work really hard… we have a bicycle recycling project, you would think that it would upset the cycling shops but it doesn't. Because we went to speak to everyone before we started, we explained what we were doing, we explained that, if people wanted a better bike than what we were selling them or wanted repairs or services, we would send them to them. So a lot of the small bicycle shops now send people to us and they also give us parts (TSO, manager).

From this perspective, SEs can be described as a re-entry in the economy observing the difference business/SEs. They are a complement in the spaces where the market fails in allowing equality in access. This organisation allows those outside to enter the economy under different premises than those operationalizing the economic system that exclude people from mainstream economy.

According to one of the interviewees observing the semantics of SE, grants by charitable foundations are said to be how TSOs link to business and the relationship of the TSOs with the economy is one of distance. A distinction is made between the UK relationship with the economy and the continental Europe, particularly French historical semantics tradition of *économie sociale*.

> There is 1 or 2, 3 or 4 organisations that try to bring the market to the VS to create SEs, but you are talking of a handful of initiatives across the whole country. Markets don't operate that way. They do in some European countries that have a whole different political tradition of SE in relation to the histories of communism or socialism, but none of that exists in this country […]. There is no notion of using wealth to change society in this country. It's very benevolent and philanthropic rather than market economy driven (TSO intermediary, manager).

3. Organisations observing community failure

Here I describe a set of observations that I relate to community semantics. In the previous chapter it was seen that community is, like state or market, a concept used by organisations in their self-descriptions of their publics and goals. The semantics of community is present in the discourses of the community development workers – which I often found in organisations – and in public policies. It is a concept developed in the 1960s in TS semantics and policies and describes the person immersed in face-to-face social relations in a given territory. Community semantics also returned as an essential part of the New Labour agenda. However, although other parts of this thesis concern this return, here community has the meaning discussed in Chapter 2. Although TSOs may use elements of the semantics of community in their self-descriptions, they also observe community failure under the observations of other systems, particularly those that inform the welfare state. To discuss this, I use Salamon's (1987) typology of 'voluntary failure' developed to justify the welfare state. When indicating these failures, TSOs are observing from a different standpoint than that of the community, namely from the welfare state observations.

‘Philanthropic insufficiency’ is related to the incapacity to generate enough resources; particularly as these tend to be scarcer where needs are the greatest. The next quotation refers to the insufficiency of funding for project continuation. Most of the existing funding, such as the Big Lottery – which is the major grant funding source – or the charitable grants, tend to fund new projects for a limited period and avoid long-term commitment with organisation’s services. Therefore, organisations need state funding for continuation of the services – enhanced by the community-like long-term relationships established by TSOs, users and local communities.

This failure explains the development of the broader systems of national solidarity and why TSOs enter funding relationships with the state. The failure of the community increases with the insufficiency of support networks in the family or neighbourhood. This is pointed out in the following quote observing the incapacity of the family and voluntary charitable work to answer to people’s needs. As before, this description identifies collective responsibility for people’s welfare, once needs leave the private sphere.

> I also think that if the VCFS didn’t exist it would be very difficult for people to survive. Because the lifestyle is changing, the more people that are in education the less people there are in the community doing community welfare work, service work, voluntary charitable work. That is not to say that they aren’t doing it, there are people who do want to work in that sector, but I think that previously the structures of helping somebody were very personal. The pattern of living was that people were living with the family and the support structure was there. There is less now so you need the mechanisms or the support in place to provide for the care, to provide for the health and wellbeing (TSO, manager).

Philanthropic insufficiency is indicated as the political system observes the unity of society and as the welfare state assumes responsibility for that unity’s welfare. In the public services and TSOs’ operations resources tend to be oriented to those needs that cannot draw other resources, particularly in a residual type of welfare system such as the English.

‘Paternalism’ is the other observation of failure of the community in the sense that community initiatives allegedly tend to create dependency links and are isolated from notions of citizenship. This is a failure observed by the programmes of the welfare state, particularly under workfare policies (Rose 1999), as well as by the semantics of issue-based NSMs. Communitarians tend to refuse this liberalism even in observations of the VCOs where community links are deemed constitutional of voluntary action (Walzer 2006). The difference exists inside the sector. The following quote shows the description of an organisation observing other organisations under the principle of participation of users in the definition of services, a thematisation existing under the concept of co-production (Pestoff and Brandsen 2007):

> The charitable sector to be more specific because the VS is broader... the charitable sector is very much serving people, it is not involving people in participation and it very much comes from Christian background (TSO, manager).

The observation of the dependency created by TSOs as well as public services emerged in the 1960s and it implies observing under individual autonomy against community type of dependency. The next observation is organised under the form dependency/empowerment and evokes the governmental programmes goals of users’ autonomy:

> The national perspective on that kind of services provision is that if someone has got a serious drug, alcohol, mental health issue, what you need to do is support with those issues, not give them a sandwich, not provide them with free food so they have more money to buy alcohol and get more drunk, there is a discriminatory attitude, there is tolerance of behaviour but the idea is totally discriminatory, and it creates a culture (TSO, manager).

The following quote describes the work of an advocacy organisation marking a distinction between two models, the citizen’s advocacy and the issue-based advocacy. The observation is on clients’ autonomy and empowerment. In order to do this the organisation self-describes as observing issues and not persons, providing the capacity of the citizen to chose even not to use its rights as citizen.

> With citizen's advocacy you work with somebody long-term so you could be working with somebody for 10 years. If they say they had enough then that's fine. So it's a slightly different role. Citizen's advocacy is less independent. What I mean by that is that, as a citizen advocate, I may express my view. So they might say 'this should happen to somebody' or 'that should happen to somebody'. If you are working in issue-based advocacy you are coming from their perspective. So you will be saying 'This is Jane. This is what she wants'. Rather than speaking for them. So if I was advocating for you and I was a citizen's advocate I would be sitting in a meeting and saying 'what happens to Silvia is disgraceful, these are her rights, this is what should happen and this needs to happen now'. So, I am speaking for me. If I work as issue-based advocate I'd be saying 'I've spoken to Silvia, we've explained what her rights are, but she doesn't want to uphold these rights or she wants to do this and this'. So if you don't want to uphold your right you don't have to. In that way you are empowered (TSO, manager).

'Particularism' results from the tendency to focus on certain groups and to neglect the broader community of interests and it may even happen that the group interests may be contrary to the broader community interests. A tension emerges when organisations provide services on behalf of the state as these must be available to all (as already seen in Chapter 4).

The following excerpt identifies this problem by quoting the tension between Catholic Church organisations and the state, as the first demand the ability to discriminate against adoption by gay people.

> But there is a tension with the VS and this brings us back to the TS, so we are being chaperoned to develop, to change up our capacity to deliver public services, and there is a tension on what those services are, if they are only about controlling what you are going to be delivering. If it's a VO, you've got different modes, different values, different ideas… there is a real tension. Like Cardinal Cormac, who is the head of the Catholic Church in this country, that has recently come unstuck with government, because the state said 'equal opportunities and any money that we give to any organisation has to meet these equality standards' and the church's adoption services has said 'no, no we won't refer to a couple of the same sex'. So the church and the state are in battle in the minute, very much about this relationship of the VS, the TS and the state (TSO, manager).

Excessive 'amateurism' occurs when there is overreliance on volunteer work by non-professionals who cannot answer certain kinds of challenges, making it impossible to replicate skills inside the organisation. Again, this is an observation that occurs from the development of expert knowledge and professionalization associated to welfare services, and is also incorporated in organisations through law and funding programmes. So, we identify observations from the viewpoint of the professional and standards of service against amateurism in the sector. The following quotation describes the closure of a women refuge as needs become more complex.

> We had one a few years ago, 2001, I think, it closed. And I started working in the sector at the time when it was closing and there are different views on why it closed and what happened. The nice version being that it was underfunded and under-resourced. It was run on a voluntary basis. It was started by volunteers and you need 24 hours paid staff. You need proper support and everything in place. That's one of the reasons. The other, was the building itself wasn't proper… (TSO, manager).

Because reliance on volunteer work is significant in British TSOs, the trend has been to professionalization of these volunteers through training as well as the development of specialist services to support volunteering like the local volunteering centre. Volunteering becomes a more formal relationship of demand and offer and interpersonal trust is replaced by state regulations and TSO processes concerning criminal records of volunteers, contracts between organisations and volunteers, and other mediations. The following example is of a volunteer-based mutual-help carers' organisation. The manager of the organisation explains that volunteers need training regarding how they should establish their relationship with the persons they care for.

> What I have discovered is that some carers aren't that nurturing. And when the training come then… if you have an organisation… if you have an open drop-in that starts fine, volunteers who are carers or former carers, the danger in that, unless it's managed, which was apparent very quickly, was that unless they are properly trained they will say things like 'what you should do is' or 'oh yes, I know all about that' or even worst 'I know just how you feel' and will then tell their story… and people can be trained not to do that. It does happen sometimes here but not that often now (TSO, manager).

Until recently, professionalization has mainly concerned specialist workers but it now seems to be spreading to volunteers and management. So, we can also find this semantics in organisations declaring the need for professional managers who can deal with the market technologies introduced by the state.

> We actually have the privilege of having quite an intense management structure, we have obviously the trustee that maintains our charity but we have a project director, then we have two project coordinators, and then another level of managers. So, the management

structure to be able to do that you imagine a small organisation that doesn't have that. We have a 10 year business plan, 5 year one, a 3 year one and a yearly one. We are always planning ahead. We don't just survive. Organisations that were set up at the same time and have gone (TSO, worker).

The split in the sector between professional and community organisations also runs along some of these lines as two alternative semantics of the TS. Professionalization is seen as changing the 'true nature' of the VS, while, conversely, amateurism is seen as detrimental for the role the sector has to play in society.

Elements of the semantics of community tend to identify an alternative observation of society under the observation society/community that re-entered in society. Among these elements we find self-descriptions of trust, proximity to persons and inter-organisational cooperation, the latter even when organisations describe the lack of it. A community semantics observing VS can be represented in the following words of a manager of an older people community centre (which is usually absent of TS networks and meetings).

– Profitable… the [...] gets a grant of the city council, £85,000, so we don't share that, do we? I really don't know how to comment on that one! There is nothing else like this and that is what we tend to relate to. This is like a family, you know?! That's what we are bothered about, the family. And everybody is really passionate about it [...] Even now we phoned [...] asking them a question and you could see that she obviously didn't care, because it's a big organisation, they got that many staff, or volunteers, that many people don't bother to know what the other one is doing, whereas here everybody knows what everybody is doing because you can all do each other's job because you have to… so really we are not like them! I don't know, it's not a community-based place at all, it is professional (TSO, manager).

4. Conclusion

In this chapter I extended my description to observing TSOs' self-descriptions as second-order observers, observing failures in systems' programmes and codes. What I wanted to stress is that not only TSOs can observe several systems, but that they can use the observations of different systems – functional systems but also society – to observe other systems. I demonstrated that these observations are made from systems' programmes as re-entries of the difference state/VCS or market/SEs and society/community in the political system, the economy and society, respectively. But they are also re-entries on the side of the organisation observing as society the failure of functional differentiation. Thus, I show that TSOs indicate the failure of functional differentiation observing at a third-order level by pointing out the problems of inequality generated by the operations of functional systems. They propose observations that demand inequality to be established, particularly those that are made in name of some groups that can only be treated equally if they are seen as unequal. This may also be a re-entry in the functionally-differentiated systems, as these accept observing part of the world as unequal and then establish their programmes to create equality in the functional systems, which is acceptable under the semantics of equal opportunities.

Therefore, very concretely, these re-entries occur by observing the exclusions produced by functionally-differentiated systems' operations. This leads TSOs to thematisations of failure as the basis of their strategies to couple to systems using systems codes and programmes strategically to render users visible and to achieve social integration.

There are similar aspects between NSMs and TSOs because many originate in social movements or their organisational model. Thus, besides providing services, being a partner of the state, enrolling in market type activities, they use NSM themes, make difference minimization claims based on these themes and can – and do in case it is necessary – use forms of protest to irritate state or economic actors.

Part of observing the failure of system's differentiation is to observe the transformations taking place when users' needs are observed under the codes of a specific system. This observation shows how paradoxical the work of the organisations is when they try rendering users observable by the systems. Their strategies may succeed but the system observes only one aspect and increases the complexity of the problem with this selectivity. In fact, this shows that Luhmann's (2006) analysis of social movements' shift of theme as they are incorporated by systems is not complex enough to grasp that social movements and systems observations may differ.

Systems' theory does not observe systems' failures and irritations, as well as how the different systems and codes may fall under competing irritations and be more irritable to specific observations. The SRA provides us an observation point. Furthermore, some systems seem to be specifically based on the difference, as is the case of TSOs, as I argue, as much of the semantics of a sector or even of organisations is based on its distinction from state (or government) and market. Because of this intermediation, TSOs developed observations that tend to identify the borders, couplings and irritations between the functional systems and between these and persons producing observations that reduce the complexity of these systems, making them mutually observable.

The chapter focused on TSOs observations of state, economy and community and pointed out tensions resulting from the co-existence of several observations. I described the descriptions of TSOs as second-order observers of failures while bringing to each case their reflection on the difference state/TS, reflecting tensions with state observations of the role of TSOs in each system. In observations of the welfare state organisations, TSOs indicate the limits of the programs that operationalize the codes of the functional systems that the political system as welfare state promotes for the inclusion of the population. The tension emerges from contradictory roles in simultaneously supporting the existence of boundaries included/excluded of welfare programmes – namely, being defined as doing preventative work – and needing to question these boundaries all the time so that people can be included. By consulting organisations concerning how best to draw boundaries or even involving them in co-production of policies and services, the state is supposed to increase requisite variety to deal with the users' complexity. However, there is a paradox here: whereas the welfare programmes' role is to draw limitations to the potentially infinite demands, organisations' demands are potentially infinite because of how they observe. The main issue here is the confrontation between the gate-keeping mechanisms of public services while, at the same time, maintaining their legitimacy and accountability to the public opinion.

In the observations of the economy I identified the discourses and practices around the concept of social enterprise and have shown how the code pay/don't pay is observed by alternative economic relations. I have shown the contradiction between the market-like calculations of the government SE agenda and the semantic trick of considering public contracts as market income and the SE observations of the economy. But these different systems can also be alternative ways to govern welfare. For instance, preventing the 'overload' of the political system with demands can be done through changing the programmes of TSOs so that they cease observing the unity of society under the political system and within the observations of the welfare state as the procurement and contracting and the SE agendas seem to imply. The same could be said regarding the privatistic versions of the community.

I pointed out that TSOs may observe community relations as failures, insofar that the semantics of community is a specific self-description of society pointing to the privatistic aspects of social relations and to a tension between two different semantics within the TS, between community and VOs – each side claiming being closer to people. We can follow this tension from the concrete to the more abstract discussions and from the local to the national levels. I identified it in Chapter 3, in the multiple observations of the different departments, including a communitarian agenda in the Home Office and in the Department of Communities and Local Government (and its predecessor) and an agenda of service provision in the HM Treasury. As these several semantics become increasingly observed in policies, the observers constituted by these also become present in the arena of local governance. This adds complexity to the TS.

To conclude, this chapter illustrated some paradoxes, contradictions and dilemmas related to the position of TSOs as observers of different systems observing from the standpoint of different observers. Part of their constitution as observers is provided by their observations of persons in intermediation with systems, but systems' programmes also influence TSOs observations and existing premises for observation – as well as organisations strategies for social inclusion. Governance through partnership shares much of the semantics of the TS and at the same time provides a challenge for TS observations of the 'others' and 'others'' observations of the TS. In the next chapter I will describe the formation and structuration of the LSP as the setting of the place of TS in governance that I will develop in the following chapters.

Chapter 6

The LSP formation as complexity machine of complexity reduction

The previous three chapters established the TS as a unity, a political actor, and as an observer of persons and systems respectively. They demonstrated that, in all these aspects, the TS is not constructed in isolation from other observers and systems or from specific contexts. This systems-theoretical relational approach to the TS aims to be closer to the real complexity of the social relations described under TS and TSOs and to understand the associated dilemmas and contradictions. Despite this complexity or, rather, because of it, TS participation in network governance might help systems deal better with the failures of functional differentiation. This is, at least, what the semantics of network governance indicate. I will now investigate these possibilities. Accordingly, this chapter presents the LSP as an observer of local complexity and the internal complexity it creates through processes of complexity-reduction. Thus, my entry point turns to the LSP and my standpoint becomes the role that partnerships like the LSP play in governing local welfare.

I analyse how a local LSP emerges as a coupling mechanism between different systems and organisations, including statutory bodies and the TS. As with the case of the TS, I describe how the LSP gets constituted as an observing mechanism through selections of environmental complexity, therefore emphasising contingent necessity in the evolution of the LSP through variation, selection and retention (Jessop 2008a). These are the evolutionary moments that can be found in practices and discourses shaping the co-evolution of structural selectivities and strategies that do not follow a linear path, but are continuously recursively constituted. Thus, I examine variation regarding the concrete complexity of existing discourses and practices that are available for selection. Regarding the selections, I am particularly looking at decisions and decision premises as selections. This way, the contingency of selections becomes clear and one denaturalizes the necessity of certain paths as they are often presented in self-descriptions of decision premises. Regarding retention, I study mainly the self-descriptions that resonate in a wide number of places and observers as well as the practices and institutional rules that follow decisions.

Partnerships can be interpreted as complex mechanisms of complexity-reduction. They not only select complexity from the environment, but also produce their own complexity. I describe this process of transformation of environmental complexity into organised complexity by emphasizing the selections operated by the LSP observations. I explore the process of formation and the structures and strategies (Jessop 2008a) constituting the LSP as an observer of local variety and consider how the LSP builds requisite variety to deal with the expectations that are placed upon it for local governance.

I use systems-theoretical concepts of observation, organisation and decision to describe the operations of complexity-reduction and the complexity created by observations. The entry point for studying the LSP is the concept of decision and undecidability that constitutes its paradox (Andersen 2001). Chapter 2 discussed how the paradox of decision can only be deparadoxified and not solved through deferring it to another place that is out of sight of the decision – a blind spot. This requires that the space to which the decision is displaced is structurally coupled to the system (Knudsen 2007). I describe how decisions are chained with other decisions in order to produce the LSP as an organisation. But I also look at the contingency of decisions and how the paradox of decision is displaced. I will show that in heterarchic structures such as the LSP the paradox of decisions may be displaced in several ways and that this helps explaining the formation and unravelling of the partnership.

Some authors describe LSPs as a new approach to partnership policies that replaces a piecemeal and a very localised approach (Bailey 2003), a major innovation in local governance (Fuller and Geddes 2008, 254) and a challenge for welfare. LSPs are distinct for being encompassing and potentially including all actors and issues in a given subnational area. As such, they are described as a macro-partnership (Bailey 2003) [77]. They presuppose a consensus on a local common good and the cooperation of organisations pursuing the common goals legitimised by the local population.

As a state policy for welfare governance, partnerships like the LSP can be described as a re-entry in the political system of the self-descriptions of other systems contributing to governance – state, community and TS. Two sides of governance are identified in LSPs – co-governance and co-ordination (Johnson and Osborne 2003). The first is related to an agenda of participatory democracy to rectify the ineffectiveness of representational democracy. The other is co-ordination between local state, market and TS providers of mainstream services. That is, LSPs include simultaneously collaboration in service provision and community participation in decision-making.

Partnerships like the LSP are used as a governance mechanism that allows displacing the responsibility of the state for all while maintaining the description of a unity. For this, there is a specific ontology and a causal chain in the governmental programme of LSPs. The theory of social change, used to evaluate LSPs (DCLG 2006b), describes the 'system of assumptions' of government.

[77] Sullivan and Skelcher (2002) identify three types of local partnerships, based on variation in participation. Strategic partnerships aim to reach a common vision; sectoral partnerships focus on service delivery; neighbourhood partnerships have direct participatory mechanisms.

Table 5 – Theoretical Propositions of Government System of Assumptions about LSPs

Theoretical Proposition	Relates to:
TP1 Inclusive processes of negotiation and deliberation generate a shared analysis, sense of direction and capacity which…..	Process
TP2 Unifies and adds clarity to the local governance agenda and priorities for service delivery, so that….	Vision and Strategy
TP3 Partners will then implement the vision/strategy, both with their own organisation, and multilaterally	Implementation
TP4 In doing so, service delivery and governance gains occur because agencies have a better understanding of what the community wants and work together to deliver	Outcomes
TP5 Success creates a cycle of increasing and sustainable outcomes, increased social capital and institutional thickness	Sustainability

Source: DCLG 2006b.

The model of LSPs – and generally of network governance – relies on a semantics of consensus. Davies argues that New Labour governance 'promotes a consensual and participative ethos capable of binding diverse stakeholders together [...] public, private voluntary and community sectors [...] in pursuit of a common good' (Davies 2005, 317).[78] This blindness to conflict is facilitated by the exclusion of class politics replaced by a 'sectoral interest representation model' (Geddes 2006, 81) and a semantics of community. Some authors suggest that in LSPs the community replaces class interests (Lowndes and Sullivan 2004; Geddes 2006). While community participation and institutional mechanisms are described in consensual terms, the joining up of services is also inspired by the holistic semantics for overcoming the problems generated by increasing differentiation and organisation (Johnson and Osborne 2003; Sullivan and Skelcher 2002).

As a second-order observer, I am interested in observing how these observations are constituted in the concrete complexity, articulating the discursive and material practices that put in place network governance. The relevance of my analytical framework for the analysis of governance through partnership lies in the consideration

[78] Davies argues that 'normative consensualism' is hard-wired in the institutional architecture of networks such as the LSP' (2005, 317).

that it includes diverse observers and, therefore, if it is to exist, neither consensus nor conflict can be assumed a priori. It regards the theory of autopoiesis as better equipped to explore how networks handle functional differentiation. In the language of ST, one may argue that the constitution of the LSP as a structure established it as a coupling mechanism to link different systems. These are constituted as second-order observers observing themselves mutually and indicating failures (this process was discussed in Chapter 2). Thus, the consequences for the analysis of how the LSP reduces complexity through decisions are that any selection creates unmarked spaces that can be observed by a second-order observer that is inside the partnership. The LSP will recursively adjust itself as its members, as second-order observers, see the exclusions that are operated. In the LSP, systems observations are mutually irritated by second-order observations recursively producing re-entries in the observation.

As a second-order observer, I intend to show that the decisions constituting the LSP are contingent but not totally indeterminate. By doing this I also intend to describe the complexity brought by local governance both for its internal and external observers.

For my descriptions in this chapter I draw from the observations, interviews and documents of the LSP. Because I am examining decisions, decision meetings of the LSP were an important data source for seeing the decisions and their paradoxes. I am interested in the organisational features of governance as they are fixated through strategies that produce selectivities that shape further strategies. Minutes and documents of the meetings are mostly observed as selections of decisions for the organisational part of the LSP. The interaction in meetings also allowed me to see undecidability. I am more interested in describing the decisions from meetings as intermediations between the interaction and organisational systems than the interaction itself.[79] The latter has already been done and shows the importance of the particular selectivity existing in these kinds of meetings. Considering the closure between different systems as proposed by Luhmann (1995), the power imbalances within meetings rest in the blind spot when organisations only draw decisions from meetings.

1. Selecting from environmental complexity

The LSP started by being basically a board of local organisations that, in 2001, had to be set up so it could endorse a project of neighbourhood management. It then evolved to produce a Community Strategy (CS), which was a responsibility of the LA placed by the Local Government Act of 2000[80] and, at the same time, to structure the LSP as organisation.

> The LSP was just starting and the chief exec officer chaired the first meetings of the LSP and then he said it really should be a councillor doing this. So I kind of fell into it. I was invited into it. I didn't know much about it at that stage. […] So, you know, one of those things to bring people together to the event and get them to sign of this bid. And then I came in. And that's how I came to do it. So it wasn't a kind of ambition or a desire to do it. And I haven't exactly been elected as the chair. I just stayed in the role (councillor, LSP chair).

The LSP formation and production of the CS needed a process to reduce the constitutional complexity of the locality, through selections of the partnerships among the existing partnerships, the members among the existing organisations in the locality, and of themes among the potentially infinite possibilities of thematisations. In short, full openness to the environment in the selections of the LSP was impossible.

[79] The main role of minutes is to stabilize the decisions taken and distribute responsibilities to execute tasks. They clarify the decision process and can be communicated to the outside. Very rarely do minutes express the debates and the differences of opinions that arise and, when they do, it is when no decisions were taken. The minutes then record why the decisions were not taken.

[80] In a cabinet meeting in October 2001, the chief executive submitted a report on the LSP. It was presented as the structure that should fulfil the statutory duty placed by the Local Government Act to 'prepare and implement' a Community Strategy for the area.

However, before members and themes were chosen, other decisions were made whose decision premises were largely provided by national government through metagovernance (Jessop 2003). These decision premises appear as undecidable decisions, i.e., not assumed as decisions. The first complexity-reduction choices are spatial, the coincidence with the territory of LAs – the district –, and temporal, strategic, to build a future present – the year 2020. Territorialisation supports the idea of a local common good expressed in the CS. The second choice is to observe organisations and partnerships as elements of the LSP. The third choice is to observe themes according to aspirations for the future and actions oriented towards them. Furthermore, choices of individuals and organisations imply another reduction of ontological complexity, which frames them as representatives of organisations, sectors, partnerships or publics. All these decisions of observation have their corresponding unmarked space and one could start an analysis of the meaning of what is excluded. The constitution of a vision of the local aspirations (CS) and an organisation/network (LSP) discursively encompassing all organisations operating in the territory coterminous with the boundaries of the local authority and local residents – associated to the semantics of place – sends to a blind spot other observations (they return in Chapter 8). The logo of the LSP portrays well these exclusions as it consists of a line drawing the contours of the district with nothing inside or outside this line. Indeed, as Spencer-Brown (1994) says: draw a line and indicate one side.

1.1. First decisions: the members and the themes for observation

Deciding on membership implies a first decision that establishes how the choices should be made, and the criteria for membership. In the context of local variety these decisions must be made compatible with the semantics of an all-encompassing partnership that includes all relevant actors from the district. The decision premises were given by the Guidance document, produced by the national government for all LSPs, although there were also local decisions. It indicated ‘sectors’ (public sector, business, VCS) and local people. The Guidance advised on the involvement of local authorities given that they provide key services and have democratic responsibilities (DETR 2001, 7) and also provide a list of possible public sector agencies.

The first membership of the LSP (as stated in the CS) is a hybrid structure of observation that mixes different ways to describe and organise reality.

Table 6 – Initial LSP membership

Function Sector	Political	Multifunctional	Education	Justice & Safety	Welfare & Health	Economy
Public	MPs District Councillor County Councillor Parish Councils		Learning & Skills Council University Colleges Sure Start	Police Constabulary Fire & Rescue	PCT	
Voluntary	Umbrella	Older People Forum Youth Council			Disability Carers	
Community & residents	Neighbourhood Council	Ethnic minority Asian Women Forum Faith Community				
Private	Chambers of Commerce					Small businesses Big business Trades Council
Multisectoral		Regeneration Board Neighbourhood Manag. Regeneration Partnership				

Source: Elaborated from *Community Strategy*.

The membership rule framed organisations in terms of ‘sectors’. The following excerpt is a statement from the LSP chair describing decisions.

> I decided that we would have 4 representatives from each sector. But instead of saying just public sector we also said that it should be education as a sector of its own because there was so much going on in terms of education, and then we had an ‘other’ sector of people that didn’t fit in any other category, like the trade unions, the parish council. So we ended up saying that there are actually 7 or 8 sectors and we gave a double quantity to the community sector. We tried to give quantity to the voluntary sector. So we ended up then with 32 people and officers and it got too big (councillor, LSP chair).

These eight ‘sectors’ are the City Council, County Council, Business, Other Public, Voluntary, Community, Higher/Further Education, Other, which assumes that there are seven organisational interests and a residual one. The mechanism for the exclusion of social partners is already present as they only fit a residual category. But, according to the Guidance, as partnerships of partnerships, LSPs are also supposed to include existing partnerships (DETR 2001, 67) and those were observed in producing the CS.

The group setting up the LSP then turned to producing a CS from a selection of the partnerships already in place and other themes identified by those leading the process, council officers and the chair, a councillor.[81] The process of producing the CS included requesting the existing partnerships their 'visions' for the District, developing thematic areas where there were no partnerships. Afterwards the CS went for public consultation.

Through the council newsletter, actors of the partnership felt compelled to inform the public that the consultation was highly participated and a success. This communication aims to ensure that the CS includes local organisations and partnership programmes but also represents the aspirations of local people about the strategy, i.e., is legitimate. The document itself gives details about the consultation and emphasizes its openness to future revision and further inclusions, which allows displacing the contingency about the present future and the future present. In fact, the CS document addresses the public as 'you', while 'we' refers to the organisations, those that commit to pursue the strategy. It is a second-order contract (Andersen 2008), an agreement about agreeing on a 'local common good'.

An analysis of the correspondence between the partnerships (called building blocks – BBs) involved in the CS and the final CS document shows that there is a different degree of input of these partnerships. The environmental sustainability partnership, because it already had a strategy, had input in five visions – essential

[81] There does seem that other bodies like the CVS were consulted.

needs, participation, transportation, resources and wildlife. Health and wellbeing, safety, housing, food, water, poverty are organised in one vision, including the health and the safety BBs. Issues of leisure and culture, and planning and development were under the control of district council services, and the county council responsibility was the agenda around care and respect, including social services. So, the CS cannot be seen tightly as a programme of the LSP and of its BBs because it is broader than the organizations and partnerships in the LSP.

The elaboration of the CS also implied complexity-reduction by establishing a certain temporality and rules for the relationship between the different elements. The request of the partnerships visions had several moments. First, to send their 'vision' and, after this were collated in a vision document, to send their key objectives from their existing strategies, organised in two groups: a) 'Short-term objectives with an action plan and targets relating to each objective'; b) Medium- to long-term (10–20 year) aspirational goals.[82] These were the mechanisms established to allow possible couplings. Temporalisation and prioritisation increase the possibilities of coupling between systems as each has to give up its totality to meet in the same time frame.[83] The contingency of these selections is disclosed by the different temporality of other observers, in this case, environmentalist movements:

> When they had the meeting to look at the visions with the LSP, the sustainability partnership had done a long-term vision for the future, which is 'this is what we want' and it is 0 waste and it was very far-reaching. It said, 'this is what we are aiming for', it didn't say, 'we can't achieve that, this is unachievable', it said, 'this is the direction we want to go and other countries are doing that'… and that could understand a vision in a very long-term, but when it came to the LSP they said 'we want a vision for 2020', so it all had to be tuned down (Environmental BB, officer).

[82] Minutes of Sustainability BB, 29/01/2003.
[83] For instance, it is this that allows the coupling between the sustainability and the economic BBs in the area of renewal energies, which can be profitable in the short-time and contribute to environmental sustainability.

After an objective is divided into measurable targets it loses its totality. Second-order observers observe the difference between its own observations and those proposed in targets and avoid the minimization of this difference by seeking to preserve diversity.

> And the most difficult thing was when they asked us for the targets. Because targets are very dangerous, things that can skew things and skew funding and all sorts of things. So, the sustainability partnership hadn't actually put any targets in this document. Its targets are done in an annual basis so it need to be in an action plan and some of the groups were reluctant to give targets… the wildlife forum did give targets to the LSP. It gave lots of targets that were included in the county biodiversity action plan that were relevant to this district, and the LSP took one of them and said 'right, we'll use this one as the target'. And they said, 'no you can't do that!' (Environmental BB, officer).

A different strategy was followed later by the Economic Partnership, which produced a strategy that was included in the CS after being adopted by the Council. The strategy of this group consists in having representatives for two temporalities in the LSP, one for the 2020 horizon, the Economic Strategy, and another for the present, which is the representation of the local Chamber of Commerce.

> Economic development or economic regeneration is about future prospects and prosperity, great… and should have things to say that are relevant to the LSP… current business activity is about today and next month… it's the here and now, and that will be affected, perhaps, in some cases, by economic regeneration, but lot of it won't be… it will carry on. So the LSP may take the view that it's great to have representation for the future because we've got our own CS to 2020, it's all about that, but perhaps also existing businesses that are operating day in day out may have a part to play in the ongoing pursuit of that strategy… and want to see how decisions that are made might affect that body of individuals (LSP member, business).

2. Programmes for observation and governance

The process of selecting partnerships and themes and compiling them into a single document or under a single partnership body meant a reduction of epistemological complexity of organisations, scales and systems. The complexity reduced in the environment shifted to the space of the LSP.

The LSP was given the task to 'prepare and implement' a CS for the area, 'identifying and delivering the most important things which need to be done, keep track of progress and keep it up-to-date' (DETR 2001) and the first part was accomplished. Towards the end of the production of the CS, in 2004, other decisions were taken regarding the horizon of delivery and monitoring included in the guidance of the LSP. This brings the CS to a first-order level and in the following moments there is an attempt at constituting the LSP as an organisation.

In the process of its formalization the LSP came to comprise three spaces – the executive, the BBs and the Wider LSP. The decision to establish an executive was based on the numerical limitations of face-to-face interaction of the meetings. Choosing members for the Executive led to further selections, and so the observation in sectors was used as decision premises for decisions about selections. The exclusions were of those not observed as sectors or in the residual 'others' sector (regeneration and neighbourhood partnerships, trade union, MPs and individual VOs, the latter represented by its intermediary, the CVS). The Executive also included representatives of the BBs. The fact that the BBs were chaired by individuals attached to particular organisations duplicated 'sector' representation and increased the number of statutory sector representatives. The criteria of representation are another decision premise in the blind spot.

> Someone from the primary care trust doesn't represent the entire statutory sector. So why does the CVS represent all the charities and all the community groups in this district?…

they don't. It's a huge challenge to know how they could but this is left beyond this debate in saying 'ok, maybe we need more than one seat for these people' (TSO, LSP member).

Another choice concerns who has the representation role inside the organisation. Sector representatives are mostly councillors, senior officers of the public sector, and managers of VOs. Table 7 shows the representatives. The district authority officers are not formally members, even if participating in the coordination and in the meetings where decisions are taken.

Table 7 – Executive structure in 2006

Sector	Representatives	BBs Chairs
City Council	City Councillor (chair)	Community Safety Partnership (councillor)
County Council	County Councillor	
Business	Vacant[84]	Economic Partnership (also Chamber of Commerce)
Public	Constabulary (officer) Health (officer) Education (officer)	Health and Wellbeing (officer health)
Voluntary	CVS (chief executive)	Equality (manager TSO) Sustainability (manager TSO)
Community	Voluntary Organisation (manager) Minority Group (leader)	
Education		Learning Partnership (university) Young People (officer education body)
Other	Town Council (clerk)	

The chair of the LSP explains the LSP Executive role as 'to oversee the implementation of the CS' and the members and Building Blocks aim 'to ensure that main public organisations, voluntary, community are working in same direction towards local communities' priorities'.[85] For this, the executive has two types of meetings, the business meeting, decision meetings where it deals with the coordination of the LSP, and meetings for presentations by invited organisations concerning relevant themes[86]. The minutes of the meetings refer to the BBs and to the

[84] In fact, for a long time it was unclear whether the representative was representing business or the economic partnership. Only since 2007, with a formal entry of the economic partnership on the LSP, this individual became representative of business.

[85] From the minutes of the environmental sustainability BB from December 2004 and February 2005.

[86] I attended decision meetings but could not attend presentation meetings. One participant characterizes the LSP mainly pointing the presentation meetings: 'But I think the most significant outcome it's an official body where you can raise things officially. If there is a friction between the

Executive asking individual organisations to undertake a mapping exercise to describe how they are working towards the CS. An LSP Conference was organised in 2005 to present what the BBs have done towards the CS. This conference is the third space, the Wider LSP, which included, by invitation of the Executive, all organisations in the district that were willing and deemed adequate to join. This makes the LSP an organisation of all organisations in the district.

One month before the CS was launched, an LSP Protocol formalized the LSP structure and rules. The Protocol constitutes formally the organisation. It establishes the geographical remit, aims, and membership in terms of representation of the eight ‘sectors’. The roles of the LSP and the executive are also established and the sovereign body is the ‘Wider LSP’ (strategy, monitoring, decisions on resources, receiving reports from the executive, reviewing its own processes, reviewing the CS every 3 years, analysing the state of the district report and strategic oversight of the neighbourhood management). It also states that the Wider LSP meets twice a year and, wherever possible, takes decisions by consensus. The BBs are only mentioned in terms of being represented in the LSP Executive and delegated to do detailed work of the LSP, along with other individual members of the LSP. There is no specification of rules for the BBs.

The structure also organises complexity by creating a framework where any organised interest can see where to fit. A council officer of the LSP executive explains the rationale of the several tiers of the LSP:

> If you’re an organisation who is not connected to a building block, but feel that you should be, say, an organisation that represents old people, you’re an old people’s community support group, and you heard about this LSP and you think that you should be here… When people come and say ‘I would like to be on the LSP, please’. You say: ‘you can’t be! You can’t be on the executive. But we do have building blocks and you are very free to join’. So an application would go into the building block and they would become

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policies of one authority as opposed to another you can request to the directors of those authorities to come to the meeting and first of all hear that there is conflict or friction of difficulties and secondly try to explain why they are occurring. And therefore it can change policy to prevent that from happen. And that is the most significant power that it has really’ (LSP member, TS officer).

> part of the BB, and, if they are able to attend the meetings of the BB and make a contribution, that's where they would be. If they can't, then twice a year, the whole LSP… we call it the Wider LSP… so it would be the people here, all of the agencies and groups here [points to the executive and BB], plus all of those agencies and groups who are in here but simply can't attend the meetings. So that's literally hundreds of them. We meet twice a year in conference (council officer).

There are no rules regarding the appointment of members for the Executive, they are chosen by the Executive, according to the strategic importance they are considered to have, which is a feature of networks (Bommes and Tacke 2005). Second, contrary to what is said in the excerpt, the BBs have a closed membership, with some having subgroups where membership is open (reproducing the same organisational logic of the LSP itself – see Appendix). Third, the existence of the 'Wider LSP' is used as a deparadoxifying mechanism for the observation, since many organisations don't have capacity to participate in the BBs meetings.

The Wider LSP failed to exist materially and in the course of time was simply forgotten. No instruments were put in place for the Wider LSP to play any significant role so it seems to play mainly a ceremonial role to solve the paradox of the LSP as an operationally closed partnership, described discursively as the encompassing partnership of all partnerships and interests and aspirations in the locality. The meetings of the 'Wider LSP' (Conference), which were supposed to happen twice a year, occurred only three times, the decisions that were to be taken by the Wider LSP were never taken, the accountability of the BBs towards the Wider LSP seemed to have only happened in the first year and the strategic overseeing of the neighbourhood partnership happened once, with a Conference presentation. Finally, the Conference itself failed in terms of mobilizing attendance.

> We have used mechanisms for informing people of certain… for example when we have meetings and things like that… but we do struggle with the people attending. It's like we have this… you've probably have been told we are supposed to have two LSPs conferences in a year and it's very widely advertised and they are not there. It's always the same people you see there (LSP member, public officer).

The LSP lacked the capacity to influence self-referential organisations to work towards the CS objectives. The lack of the two main steering media of the political system, law (command) and money (market), is identified by actors as contributing to the difficulty to pursue its attributions.

> What happens if you are not an area defined as one of the most severely deprived? Here, it's government, here, it's the local partnership [draws two separate parallel structures], but the idea of having a LSP regardless whether you are a NRF or not is a good thing. The principle is good. So, most places have a LSP and it is a requirement that between them they produce the community strategy. Now, ok, you've got a community strategy. Now, if you want to be cynical you just say: 'it's words and paper that have been written down and all that is really just capturing what everybody is doing anyway. And just putting it all in one document. But it doesn't really change that much'. This one does [LSP with NRF] because this one has millions of pounds going through it. This has nothing going through it. So at the end of the day, this LSP [LSP with NRF] is a very, very different LSP from this one [LSP without NRF]. [The latter] does not channel money. And this LSP has problems because this LSP has no statutory powers behind it. It cannot make decisions, it's not an executive, it has no statutory responsibility. [LSPs with NRF] do. Lots of tensions here, because these are the councillors who have been elected to do this sort of stuff [the Council]. This LSP is a thing that comes together because it's a good thing to be doing [LSP without NRF]. But it has no executive decision making. That's here [the Council] (Council, officer).

Effective minimization of differences requires steering instruments: without instruments like money or law, the LSP was seen as an ineffective governance mechanism, particularly when compared to NRF-LSPs. Statutory capacity could only exist in the members (Councils, organisations of public administration) and not in the LSP as a whole. Instead, dialogue among members, persuasion and the construction of a common framework of problems and solutions would amount to a soft mechanism of steering that was expected to be in operation.

3. From policy to implementation

To solve the perceived failure of the LSP, it was given a fund to manage the implementation of the CS.

> To help it… if it has no money then it's empty… and you are depending on the good relationships between the partners to maintain that. It's always helpful to have a little bit of money of your own and the way we talk about it is 'plugging the gaps'. There are some areas of policy that it's no one responsibility actually. It falls upon a number of people (Council, officer).

This money is raised from the council tax on second homes. While both local authorities decided to give it to the LSP to manage, it is the district authority that must account for the money. There are the complexities brought by the fact that the district Council is the accountable body of the fund, which means that decisions and rules of the local authority are brought inside the LSP. This happens regarding financial accountability of the LSP, which becomes accountable to the overview and scrutiny committee. But it also happens in terms of its performance.

> As a politician, there is a lot of pressure to get things done through projects… you can say I've spent the money on this and being accountable to other councillors who are even less committed to the strategic stuff… they will ask what have you been doing… well, if you develop strategies all the time you get endlessly criticized, whether if you can say: 'we spent the money not developing a strategy but opening the young people hostel', that is something… so there's a little bit of pressure to spending the money (LSP chair, councillor).

Between 2004 and 2007 the internal decisions about grant management evolved in an effort to solve the tensions, contradictions and paradoxes it created or intensified in the LSP. A growing formalisation of the decision processes followed, so that the decision paradox – mainly about how to distribute the money – was displaced to the decisions about the decisions.

The first decision was that the decisions concerning grant allocation were shared between the BBs and the Executive. The Executive decided that the money would fund projects proposed by the Executive and the BBs and the wage of the LSP coordinator. The Executive, which included representatives of the BBs, was deciding about projects from those same BBs and, in some cases, the members were deciding about projects proposed by their own organisations. This led to the intervention of the

Overview and Scrutiny Committee observing possible conflicts of interests. As a result, two simultaneous solutions were decided. Officers proposed to implement in the LSP Executive the seven principles of public life of LA, although some members raised the problem that this could not be incorporated in the programmes of their organisations.[87] At the same time, an interim proposal was accepted of creating an advisory panel of officers to replace the funding panel of members of the Executive. However, the decisions on the projects were sent to the blind spot of the BBs, as it was decided that each BB would propose a single project and the advisory panel would assess them in view of the CS.

The issues of accountability and transparency expose the different logics inside this type of governance mechanism. For instance, one TSO can make its agenda resonate in the CS and then look for resources in the LSP to develop that same agenda, which can occur through direct involvement in the decision process. Double attribution of action is present here (Teubner 1996): the organisation forwards its own interests and, with that, the interests of the LSP and the local residents. This, however, collides with the logics of public administration of separating interests from public office.

Table 8 shows that the effect of organisations working simultaneously for their goals and interests, and for the LSP project is frequent, as many of the funded projects were delivered by the same agencies that proposed them. The displacement of decisions to the BBs preserved this logic from the observation of public sector rules.

[87] Minutes of the executive, March 2006.

Table 8 – Large grants of the LSP, 2004–2008

	Exec		CYBB		HWBB		CSP		Sustainability		LLBB		EDBB	
	amount	imp	amount	imp	amount	imp	amount	imp	amount	imp	amount	imp	amount	imp
2004/5							27,500	?	25,000	Pub*				
							21,200	Pub*	25,000	Pub*				
							1,580	Pub	13,000	Pub*				
	25,000	Pub					2,000	CO	6,330	VO*				
	6,925	VO							30,000	Pub*				
2005/6	6,000	Pub*	5,500	Pub			29,310	Pub*	3,250	BB			22,500	VO
	11,000	VO*					15,714	VO	6,640	BB				
	18,498	VO							8,100	VO*				
	20,800	VO							7,500	Pub*				
	14,000	Pub*							15,000	Pub				
	6,000	CO							24,761	VO*				
	3,000	CO							20,106	Pub*				
2006/7	21,050	VO*	18,000	VO	23,700	Pub*	16,000	Pub*	10,796	BB	27,354	VO	24,000	VO *
	24,348	VO	16,000	Pub	6,000	Pub*			16,000	BB			17,795	VO
	15,000	Pub												
2007/8			25,000	Pub*	50,000			VO*	28,000	BB	25,000	Pub*	25,000	VO*
							6,000	BB						

* Projects implemented by agencies involved in leading the BBs or the groups.
Note: imp – Type of organisation doing the implementation: VO – voluntary organisation, CO – community organisation, Pub – public body, BB – building block.

Source: Elaborated from several reports of the LSP.

In the first two years, the funded projects were proposed basically from the two BBs that were better resourced, structured and integrated in the LSP at the time – those concerned with sustainability and safety – and from the LSP Executive. Regarding sustainability, in the first year they came mostly from the transport subgroup, most of them implemented by the two local authorities' services. The safety partnership used the money to deliver projects related to domestic violence and youth, some of them delivered by VOs. In 2006/7 and 2007/8, there was an egalitarian distribution of the money among the diverse BBs and, at the same time, an increased coincidence between the agencies leading the BBs and implementing the projects.

This evolution seems to be a solution to internal tensions regarding the distribution of money, which were resolved through two rules, one that the grant could not be used to deliver statutory or mainstream services, and the other that all the projects should come from the BBs. The LSP became focused on 'working in the gaps' of the existing provision – the same as TSOs, as already seen in Chapter 5. This new emphasis, which I trace in the logic underlying the use of the funding and in the actors' discourses, replaces the emphasis on monitoring the implementation of the CS. The philosophy of 'plugging the gaps' seems to make sense as a mechanism to resolve the contradiction of a partnership composed of self-referential partnerships and organisations with their specific agendas, rationalities, temporalities and spatialities, their specific funding streams, targets, accountability mechanisms and stakeholders over which the LSP didn't have governance capacity. It also displaces a part-whole paradox in the LSP as, while representing the local common good, it didn't have capacity to steer members.

But many projects were made possible with the second homes fund and some created sustained initiatives, particularly those that could provide matching funding from other sources. Some examples of the sustained initiatives are: support services for people suffering domestic violence, one-stop shop for young people in a deprived area, development of cycling in the district, all involving collaboration of public bodies and TSOs. There were also initiatives around recycling and alternative energies from the sustainability BB, one leading to the set up of a TSO; a common project of two BBs in the area of substance abuse, flagged as a success of cooperation between two public organisations; support to some TSOs considered of interest to pursue the CS, such as a women's organisation, a credit union, an organisation promoting healthy living and a project for enhancing the participation of the TS in the LSP. That is, many projects that emerge are indeed examples of inter-sectoral or inter-organisational cooperation.

Despite the presence of the BBs' chairs in the Executive, the last time that they reported systematically on the work inside the groups was in July 2005, as the agenda then became absorbed with managing the grants.[88] The fact that the Executive meetings were not taking the opportunity to create communication between the BBs was observed by their chairs and this prompted a new body, a meeting for the chairs themselves, as a mechanism to allow for the identification of cross-cutting issues and collaborative work. As soon as this group was created, members could not agree on what kind of remit this group would have, particularly as it meant the transfer of some powers from the Executive. But a review of the LSP began and the group was not set up.

4. Hypercomplexity in the review of the LSP

The LSP is a complex structure of observation if we consider its different spaces, namely the Executive, the BBs and the subgroups. The different BBs, because they have been developed in different moments and from different dynamics, have different formal and informal rules and ways to observe. They have different couplings, different resources, different relations with the LSP (see Appendix). Regarding membership, throughout the LSP there is a considerable variation. Whereas in the Executive the membership has rules concerning the number of representatives according to eight sectors, in the BBs there is more variation. Many BBs have restricted membership at the level of the core groups but in some subgroups membership is open. In the Wider LSP and in other similar spaces in the BBs membership is open. The criteria, however, follow identical complexity-reductions: it is mainly sectors that are to be represented through organisations. Only in a few cases can individuals be present as representatives of local residents in terms of the gate-keeping mechanisms, membership seems to happen on the initiative either of the BB

[88] Executive minutes.

to invite or the organisation to declare its interest in being invited. It depends on the BB considering the need of a specific organisation or the interest of a certain application, which illustrates its closure. This depends on the topics being addressed and membership may therefore vary. Sometimes a member stops attending the meetings without formally ceasing its membership, so that even for coordinators it may be difficult to know exactly who the members are. In other moments, organisations may have membership refused without the reasons being clear (TSO, manager).

In 2005 the government produced a consultation about LSPs. In the background paper it describes a trend – and governmental expectation – to move from an advisory towards a commissioning role[89] (ODPM 2005a). In the following year, some of the ideas of this consultation were in the Local Government White Paper (DCLG 2006a) that provided two main impacts in LSPs. First, a renewed significance of LSPs, seen as more tightly coupled to LAAs and, therefore, to the mainstream services' agendas and its sources of funding. Second, the reframing of the community strategies to sustainable community strategies with tighter coupling to the Local Development Framework. The White Paper (LGWP) also emphasised a more prominent leadership role by local government. But the document stresses that, in two-tier structures, strong leadership and clear accountability are harder to achieve and present risks of 'confusion, duplication and inefficiency' (DCLG 2006a, 62-63). Accordingly, the government opened up the possibility for two-tier districts to bid for unitary status and higher level authorities to bid for an enhanced two-tier approach. Consequently, the

[89] Here are the definitions: 'Advisory LSPs typically have a large membership working to build consensus and acting to co-ordinate and make recommendations. A commissioning LSP, on the other hand, makes decisions, commissions' action and is actively involved in the delivery of the Community Strategy and Neighbourhood Renewal floor targets. This is a less common model outside NRF areas' (ODPM 2005a, 15). The national evaluation identified four modes of operation of LSPs, advisory, commissioning, laboratory and community empowerment (see discussion in Bailey 2005).

district Council put forward a bid to unitary status in January 2007, being rejected two months later.[90]

The narrative that goes through the LSP before the White Paper is of scepticism considering its relevance as a policy, something that 'could be done away', thus likely to fail.

> I think it's shocking that the LSP waited for guidance from government about the LSP. We really started a review process 2 years ago because we thought we are not sure we have the right people, and then we said, 'oh well, the government is issuing some guidance'. So we kind of went through a workshop consultation and waited all that time and still nothing. No blueprint. So we said, 'it's no good, either just let us get on with it or give us something, don't just say "oh, we are going to give you guidance" and then "oh, it's up to you"' (LSP chair, councillor).

Shortly after the White Paper appeared, there was a new coordinator of the LSP in post who was willing to reorganise the structure. The deadline for the periodic review of the CS was pressing and the members decided on a peer review of the LSP. It was also the end of the mandate of the chair and, until an election occurred, she was replaced by an interim chair. This was the representative of business and the co-chair was the leader of the Council, which, meanwhile, started participating in the LSP meetings after local elections led to a change of leader and in view of the LGWP emphasis on a more active role of LA leadership.

The coincidence of these changes was not planned but resulted from the confluence of several decisions with different decision premises. Several narratives coexist in terms of these decision premises and the chains that are built with the new decisions. These chains appear substantially decoupled and this seems to provide degrees of freedom regarding future decisions – thus allowing the constant shift of decisions to escape the paradoxes of decisions. The problem with this simultaneity is the difficulty to fix particular processes and avoid the development of strategies (as

[90] This was not the first time the local authority sought unitary status.

processes), both of those designing the processes and of those who could relate to the processes (also as unmarked others). Because of the simultaneity of the three reviews (CS, LSP and LAA), it was difficult to envisage which decisions were to be the decision premises.

4.1. The peer review

The decision to undertake a peer review was taken in January 2007, but was scheduled to April and May after the outcome of the unitary bid was known. Had the bid been approved, there would have been fundamental changes in the LSP. The Council bid placed neighbourhood renewal initiatives and the theme of deprivation at the basis of the LSP, which reveals the unmarked side of the LSP observations.

The peer review was related to a general feeling in the Executive that the LSP structure needed revision.

> Everybody seems to be happy to come and not really get anything out of it. I'm sure, you know, any other meeting you go into you are very clear 'this is what you want out of it'… and yet they all accept it and they all come regularly… they criticized the time spent on the funding, but they come and they all have something to say about that £200,000 funding or £300,000 funding, but then moan saying that it is taking too long and then… (member of LSP, public officer).

The peer review brought another observer with a different viewpoint on the difference. The exercise was coordinated by a consultant related to the national evaluation of LSPs and assessed the LSP against national LSP quality benchmarks. Peer review helps to see the LSP from the perspective of the government programmes. Members can identify collectively where the problems lie and thus build a common understanding of the how the partnership should be working. These reflexive mechanisms are built into the partnerships.

At an awayday,[91] members of the executive and the BBs as well as some public officers collectively identified the problems against their own expectations; with questions like: ‘where are we now’ and ‘where do we want to be’ and filled a questionnaire based on the quality benchmarks.

The problems identified were those that I had already heard or observed from my conversations with LSP members: lack of communications coordination between the different spaces of the partnership, gap between the CS and the LSP and the second home projects, themes not being observed by the LSP (such as housing,[92] rural areas and culture), difficulties in coupling the LSP programmes with members’ programmes, statutory organisations – which have their own nationally set targets –, and business said not to care about LSP targets, lack of connection with neighbourhood management.

In the semantics of LSP the marked side to observe these failures is the idea of communication and coordination overcoming self-reference, the paradoxes of the LSP selections when it is discursively described as an all-encompassing vision of the community. This was the expectation that one could build a shared vision, work in cross-cutting themes and overcome the ‘silos’ of existing organisations, avoid duplication of services and providing added value, and reflecting the aspirations of the local people. These failures are failures of coordination to achieve these expectations. But other observers identify other failures observed from principles of democratic accountability, such as the fact that representatives are not elected, that there is an excessive weight of local authority officers in the LSP and that membership rules are not clear.

[91] It was the only moment I was allowed to attend.
[92] This problem came up in a LSP executive meeting when a housing project was submitted to the Second Homes Fund, but members, although supporting it, had no BB to which they could submit it for funding.

Regarding the minimization of the LSP difference, it becomes clear that at least two different observations of the LSP exist. One is the observations of the LSP as a deliberative body or a forum where local projects of different organisations are discussed and assessed with reference to the CS.

> I'd like to think that it is a chance where the big projects that are coming from specific organisations or specific partners… it's a chance for other partners to kind of analyse them and look at the bigger picture of their impact. Yes, I would like to think that it had a much more overview and a strategic policy (LSP, chair).

The other observation is of a partnership focused on a narrow set of objectives, an executive (or board) with a much stronger role: controlling the money, being able to draw money from the partners, monitoring the implementation of the priorities and giving the delivery to already existing groups or to be created.

In May 2008 the new structure of the LSP was ready and the BBs were coupled with the priorities of the CS.

In the peer review exercise there is a comment which was later quoted by several participants and is a good description of the epistemological complexity of the LSP for its members:

> Did you go to that peer review day? I think there was a policeman there who said that what really struck him was that the organisations he is involved, the meetings he goes to, they all have targets, they all have appraisals, they all have evaluation, they can say 'are we meeting our targets or not'. Until they all come into a partnership. There is no evaluation. There are no targets. And you sit around and talk. And it's all well meaning and sometimes you learn something useful. But if you go from one world where everything is increasingly defined, you are committed, you are measured, and you go to this other world where you go and sit around and talk. And that summed up to me the difference (member of BB, public officer).

4.2. The review of the CS

The decision on the review of the CS is premised on the commitment to review it every three years. In March 2007 a report was presented and a project board and a project executive were set up to prepare decisions regarding the decisions on the review process. In an LSP meeting it May it was reported that due to delays caused by the peer review process the project board hadn't met yet. In this meeting the members were confronted with the need to choose between prioritise the CS review or the peer review process. The decision registered in the minutes was to ask for a progress report to the project board.

When the Executive met again, in July, the members had a new name for the review of the CS, it was a 'refresh', and because of that a 'full consultation process' was considered unnecessary, and only organisations would be consulted.[93] It was acknowledged that the timetable did not allow preparing and undertaking a full consultation although some members, representatives of public bodies – police and health –, argued for a full consultation. It was decided that in place of community consultation, local councillors, as elected representatives, would provide the views of the community. The dates were agreed in July according to the proposal of the project board: the consultation was agreed to take place in September and the LSP Executive was to analyse the findings of the consultation in November. The LSP priorities were to be fed into the LAA in September.

The July meeting also analysed the outcome of the peer review process, concluding that, given the amount of changes that it implied, it should occur after the review of the CS. The LSP Conference and the election of the LSP chair were postponed until the review processes were finished. The Wider LSP Conference is not a space for consultation but to endorse the final version of the CS.

What this sequence of events shows is chains of decisions that are interrupted or postponed for lack of time or in an attempt to couple them with processes occurring at the same time. What is problematic is that events are almost synchronous so that no

[93] LSP Executive meeting, 07/07/2007.

sequencing chains can be established. The actors seem basically to play with the different temporalities to prevent decisions that would tie them to specific trajectories or simply muddle through.

But the CS is shaped by the current LSP structure. The proposal for a refreshed CS included a substantially reduced set of priorities in each of the areas of the BBs. The CS is coupled tightly to the LSP so that CS themes that were not under the remit of the BBs disappear from the CS[94]. In the three consultation events to the TS,[95] participants were given an itemized list of priorities and asked if they agreed with them, and if they wanted to suggest a new one. If this was the case, they should identify which current priority it should replace as well as show why the new priority was more important.

The CS becomes the LSP programme: aspirations are measurable and many correspond to existing projects. This way, the contingency of the difference between the present future and the future present is reduced.

As Luhmann notes, time is the trigger that makes decisions emerge (2005). In this case time plays a different role, it allows decisions not to be taken. Preparing a planning committee that will take five months to prepare the consultation means spending the time of decision deciding about a decision that will be short of time.

5. The life cycle of the LSP

The previous historical description of the LSP showed that it could hardly be described within a single observation. Not only may different actors produce different

[94] There was a publication of the LSP about the state of the district, said to serve as a basis for monitoring the progress. The state of the district document provides the situation of the district in relation to the Quality of Life indicators of central government and is presented as the main evidence to support the priorities. However there were no links between this report and the priorities.
[95] Sustainable CS, consultation event, 13-14/09/2007. I attended all these consultations.

observations and succeed in including structural selectivities that favour a particular strategy; but also the LSP may pass through different models as internal and external conditions change. The LSP initially included elements and semantics of participatory democracy and a wider variety to observe environmental variety, so that the partnership would observe the whole of the locality and include all local observers. Subsequently, it was formalized as organisation and this required further selections from members and its spatialization in three different spaces. With this spatialization the decisions could be transferred from one space to the blind spot of the other space and increase ambiguity regarding which space was responsible for which decision.

It was seen that some mechanisms failed to retain these observations, for instance, a failed Wider LSP that could not couple to local organisations' involvement. This failure was then displaced to a blind spot by bringing to the LSP a fund to manage, turning it into a commissioning structure. This shift led to further distancing from the policy function of the LSP and strengthening of the organisational side absorbing the time of the executive meetings in management and accountability of the money. This evolution, from network to hierarchy, is identified by Lowndes and Skelcher (1998) in the lifecycle of partnerships. In the present case, there is a visible tension between the LSP being a forum for meeting and discussion and a delivery mechanism. Paradoxically, however, as soon as it began to manage money there was a shift of focus towards the BBs and, so, its hierarchical observer, the executive, cannot guarantee control and monitoring. I find several models in the evolution of the LSP, most as a result of the need to manage complexity in its environment and internal complexity.

Table 9 – Typology of partnership models within the LSP

	Description	Moments in the LSP
Building a local common good	Defines a territory and a temporal horizon where potentially all organisations and individuals are involved in identifying problems and defining a particular course of action.	1st moment of LSP and initial CS as a shared strategy, expression of the aspirations of the community with a rhetoric that conceal the contradictions, influence of the Local Agenda21. Wider LSP as all-encompassing the organised interests in the particular territory. LSP with overview and strategic policy roles, where all local projects and agencies must refer to in order to scrutinize their impact in the CS.
Working in the gaps	Self-referential systems and organisations are not challenged, LSP as the place where these systems meet to formulate problems that are relevant to more than one system (cross-cutting issues).	2nd moment: availability of project funding through the 2nd homes fund. Projects in partnership developed in the gaps and others addressing cross-cutting issues.
Coordination of activities	A place where partners exchange information about local problems and activities although not necessarily any action is to be taken by the LSP. May lead to changes in the operations of particular organisations to prevent duplications or work in the responsibilities that are not being fulfilled.	Happens particularly in the space of some BBs and subgroups. Partners exchange information and activities but not necessarily joint activity. Network building[96]. Marginal outcome of the LSP overall Closer to the role of 'laboratory' of ideas and practices (Bailey 2005) (e.g. projects).
Integrative managerial approach	Organisations agree on a specific problem and a specific solution. Pooling budgets to develop collective projects, share responsibility for implementation (joint commissioning and tendering). Organisations have to adapt their internal procedures to the shared project.	3rd moment: orientations in the review exercise and in the revised CS, focused on a limited set of priorities. Interpreted by local actors as the evolution resulting from a tighter coupling to the LAA and to government expectations. Strategic role of Executive.

Once one looks beyond the space of the LSP or examines its history, a wider variety of modes of governance can be observed. Both the principle of working in the gaps and the more recent integrative approach can be seen by observing the Executive and the programmes that observe the LSP from the executive standpoint or arguing that the executive must have a central role. In this regard, the LSP fits the description of an E-partnership (Munro et al. 2008), based on an elite of sector representatives that are supposed to agree a common strategy. The institutional design as *club*, as the authors call it, implies that it is only informed but not commanded by the wider membership. But it is also true that the LSP offers, in its semantics of the initial

[96] 'I think probably from the fact that people come together and talk about things raises awareness and I think that people have done things together that they probably may not have done before, without being part of that group. So even if they come together and they talk about something and there is a… "oh maybe we can start to work together" and made those contacts, you wouldn't have made those contacts before and would carry on doing things… I think that has made an impact but how do you measure that?' (LSP member, public officer).

guidance documents and on the role of the BBs in the LSP, the institutional form of a *polity*, reflecting the ideology of inclusion and participatory democracy, an I-partnership as the authors say.

6. Conclusion

This chapter described the formation of the LSP as the result of selections from environmental complexity that focused the contingency of these selections in order to show the dynamics of decisions and undecidability in its evolution and the way its evolution is moulded on that same dynamics. I argued that the dynamics of the LSP derives from the need to deal with the contingency of its selections which are brought to the visible side by the fact that it includes a variety of observers and observations. In this Chapter I argue two main points: First, partnerships such as the LSP should be conceived as observers of local variety. It is therefore contingent, overall, in its complexity-reduction selections. In other words, the themes, problems and priorities it selects, its members, territory and time-scale are all selections made to constitute a local common good – and could have been made differently. This contingency is paradoxical for LSPs self-description as a governance mechanism of the locality as a whole and, therefore, needs to be displaced by creating spaces to observe the whole, either by changing self-descriptions or using ambiguity. Second, because the LSP includes diverse observers as autonomous autopoietic organisations, integrated in different systems – political, health, legal, economic, and so on – or in interaction with different communication systems – TSOs –, its dynamics as an observer is shaped by the recursive processes of selections and indication of the contingency of selection as different organisations indicate new differences. Observations of failure recursively trigger the next attempts of governance. To develop the two arguments, I focused on decisions and undecidabilities of themes, members and organisational elements and relations to describe the formation and evolution of the LSP as a contingent observer of the local district, i.e., I brought to the level of organisation my observations of selections and its contingency.

The reconstitution of the trajectory of the LSP as evolution through variation, selection and retention has shown how the main steps of the partnership were a result of a set of decisions at local and national level together with a set of constraints on the conditions for decision. The process shows that we cannot find a single cause or a set of causes that explains the structuration of the LSP: instead, we see a contingent recursive articulation of causes. Causes and reasons exist as decision premises or reasons for choice, but also in the capacity that certain decisions have to be retained and coupled to other decisions. Therefore, the LSP is indeed a complex mechanism of complexity-reduction whose dynamics feeds on the complexity that it creates.

In the LSP there are undecidable decision-premises deriving from national state metagovernance, informing not only the decisions that are taken – about the need to set up the LSP and produce the CS and later to couple it with the LAA –, but also expectations about its descriptions as network governance: self-organisation, consensus, equality between members and so on. The LSP is contextualized in metagovernance policies of national state and in the specific descriptions produced at this level, both by the state and reflection-theories as I described before. These produce structures of expectation that lead to the identification of differences to minimize at the more concrete level. Besides, there are also local decision premises that not only shape the decisions considered undecidable at metagovernance level, but also the decisions associated with the local context and the relations between partners outside the LSP. And, finally, there is the manner in which the LSP shapes future selections as it unfolds the paradox of its decisions. I observed, as one main feature of the LSP, its oscillation between network and organisation, not only in terms of its evolution in time as it gets increasingly structured and coupled in its elements, but also, or mainly, of the persistence of this oscillation in the same timeframe. This oscillation can be seen as a result of the displacement of the paradoxes of one form to another. These oscillations can be seen in the organisational elements – membership/staff, communication channels and programmes:

1) Like an organisation, it has its communication channels described in a protocol that formalizes structures and roles; but many participants ignore this protocol and it is invisible to the public. Like a constitution, this protocol defines the LSP as comprising an executive body, BBs and a Wider LSP and establishes the relations between these three spaces as the communication channels of the LSP. However, the LSP is a horizontal network and there is no point from where it can be completely observed, let alone controlled. It includes several autonomous spaces – particularly the BBs, which have different histories, resources, rules, programmes (see Appendix) and different relations with the LSP as a whole. Formally, some aspects of the steering role attributed to the executive are not realised: one example is coordinating the relationship between the BBs, even though the executive includes the BBs chairs for this purpose. This led to the intention, at one point, to constitute another space where this coordination could happen. The formal organisation – in the role of the executive – does not observe, much less control, the self-referential systems, organisations and partnerships that comprise the LSP and, therefore, it fails in controlling and monitoring. In particular, it fails to render the outcomes of the LSP observable and thereby demonstrate that a difference is being made. Another structure, the Wider LSP, which was supposed to be the main

governing body to which the executive and BBs would be accountable, does not exist at all. Nevertheless, it can be evoked to help displacing decision paradoxes, like the limitations of membership in other spaces. These structures and communication channels were revised in the revision of the LSP and some contradictions were eliminated, like the existence of a protocol that obliges no one or a Wider LSP that does not meet.

2) The boundaries of the partnership are fluid, particularly at the level of the subgroups of the thematic groups. In these borders it is difficult, even for those involved in coordination work, to know at any moment who is in the partnership and who is not, as new topics may bring new participants while others stop attending meetings without cancelling their membership. But, membership of the BBs (and even more of the subgroups) comprises those who attend the meetings. Therefore, it is extremely difficult – if not impossible – to know the membership of the LSP. Still, it does self-describe as having a membership and organisations need to be invited to be members.

3) There are no universal rules for membership – or even rules for membership in many spaces. The selection of the partners and of the place they occupy in the LSP, including their roles, is decided case-by-case among members and depends on the needs at specific moments. Organisations are chosen to be in the partnership according to various criteria – for representing particular types of systems or publics, for being experts in specific areas or service providers, or for being in control of resources. Individuals are selected for their skills and personality and for the couplings they can establish between different organisations.

4) It has no staff of its own apart from the coordinator – whose wage is paid from the LSP funds. All the remaining work in the LSP, including that of the BBs, is done by staff of other organisations (except for the case of a grant to the minorities group).
5) It manages money – the second homes fund –, assesses applications and distributes funds for projects which evaluate according to the CS but, because it is not legally constituted, it cannot autonomously manage the money, being subject to the rules and accountability to the local council, which makes demands on the process of decision according to the rules of the council.
6) The status of the CS as the LSP programme is ambiguous because, on the one hand, it is formally in the basis of decisions about the allocation of project grants but, on the other hand, it cannot be operationalized as the LSP programme because it is broader than the LSP in terms of the themes it observes. The responsibility for the implementation of the CS is both of the LSP and the individual organisations (double attribution of action, see Teubner 1996). But, the LSP lacks the statutory power to make it to be implemented – with the exception of the small budget of the second homes fund – or to have steering capacity to make its members include it in its organisational programmes. This lack of capacity was allegedly what led the second homes fund to be set up and then, in the review of the LSP, it was also one of the main issues to be raised, particularly with new demands placed by the LAA. The expectation that dialogue and agreement would persuade partners to incorporate it is also in tension with other and often more constraining demands that partners have to attend to.
7) But the initial CS cannot in fact be described as a coherent programme. Indeed, it is more like a network in some respects. It includes several autonomous and sometimes contradictory visions for the locality (the most obvious being that

between the environmental and economic agenda). In fact, the original CS is best described as a second-order contract, an agreement about agreeing (Andersen 2008), about cooperating in the space of the district for a given horizon (2020). Therefore, the CS oscillates between being the programme of the LSP as organisation – when the executive sees itself responsible for its implementation – or being broader, as an expression of the commitments and aspirations of all actors (organisations and local residents) in the 'community', including themes which were not in the remit of any of the BBs and, therefore, owned by no specific structure, not even the LSP. This oscillation between being the programme of the LSP or self-describing as containing the aspirations of the district was solved later in the revision of the CS by including only a feasible, limited number of priorities which were indicated by the BBs. But this means that the CS decreased its capacity to express local variety because some aspirations were removed from its agenda.

Besides oscillating between organisation and network, the LSP is also an observer of local complexity, as I argued, in selecting themes, problems and solutions, particularly in its BBs and in the CS. Therefore, these complexity-reductions were analysed in the choices of members, themes, temporalities and spaces. This allows us to establish the closure of the LSP and to perceive it as contingent observations of the real-complex of the locality it observes, despite its overarching self-description at the beginning of representing a common good. This analysis shows that the LSP is strongly influenced by the functional differentiation of the public administration – divided in health, children, education and safety. But it also reflects the local environmentalist agenda with a dedicated BB. Exclusions, however, are rendered visible as other observers are in position to observe the contingency of the LSP selections. This is, for instance, the case of neighbourhood regeneration and housing as well as culture. The pressure for the LSP to observe housing eventually entered the agenda, but still in a marginal position, under the observations of the health BB. Culture also came to be observed under the economic BB.

Change is also motivated by its internal dynamics due to the need to solve and displace the paradoxes of the decisions taken, which keeps producing internal challenges as alternative observations from partners observing from different standpoints emerge. The undecidability of decisions brought to the fore as decisions are observed by different observers creates an unstable structure and sends the participants to a second-order place where they spend most of their time producing rules for decisions about decisions, and reviewing its structures and mechanisms. These features are described in Hajer's concept of 'institutional ambiguity' (2003, 175).

However, despite its ambiguity, oscillations and the persistence of change, the LSP has a trajectory that seems to derive both from its internal logics, as certain observations of failure accumulate, and the external decision premises of the government regulation connecting the LSPs and the LAAs.

The LSP can be read in its self-descriptions as a national policy, as aiming at difference minimisation oriented to overcoming problems of functional differentiation and increased complexity. Members expectations, which are often in the basis of observations of failure, coincide with the national discourses regarding these mechanisms: a 'common goal, a common vision and a common implementation strategy' (LSP executive, business), 'focus together on local issues and develop strategic thinking on how to tackle those strategic issues' (LSP executive, council officer), 'the agenda should be a joint agenda', 'should be adding value to what is already happening, identifying and addressing the gaps', 'combining resources and avoid duplication of activities', 'allowing organisations to understand each other agendas' (BB, council officer), 'joining up services' (Executive, council officer). The idea of failure derives from the fact that the semantics of joining up and the possibility to attain a single vision and pursue it collectively meet an ontological complexity where many premises are lacking, namely at the level of the organisation of the state (Jessop 1998). The solution is the resource to hierarchy and less requisite variety.

The policy reviews and reforms oriented towards tighter couplings between the LSP and the LAA have given the LSP a new relevance to the local council. They also enhance the LSP's tendency to evolve from advisory and networking to delivery roles (Geddes 2008). Under the pressure to couple to the LAA, the LSP reconstructs the CS to the capacity to perform and measure performance.

The trend for an increasing closure of the LSP started with the changes associated with the management of the second homes fund which increased the prominence of its BBs and culminates in shaping the CS on a tight number of priorities of the BBs. Local variety becomes increasingly excluded with the pressure for efficiency in the 'refresh' process of the CS and with the rules of consultation that attempt at maintaining a limited number of priorities in the CS. In fact, we can see a process of depoliticisation, described by Blühdorn as 'a dramatic reduction of complexity which is achieved by cutting the number of potential veto players and veto points and reducing the number of alternative perspectives and scenarios which have to be considered' (2007, 315). The choice to vest the autonomous BBs with a growing responsibility for delivering the CS and, in the last moment, the sequencing between the peer review and the CS review place the BBs and their projects as decision premises of the CS.

The evolutionary trend of the LSP went in the opposite direction from Ashby's law of requisite variety when it was confronted with the paradox of its lack of implementation capacity or capacity to make a visible difference. There is a tension in the LSP between accommodating requisite variety for systems mutual observation and the observation of the aspirations of the local population and the capacity to have an impact, to perform, and so, both locally and nationally, there is an evolution towards implementation and the form of organisation.

However, I could also perceive successes in its unmarked side, as sometimes indicated individually: the fact that the LSP was still in place – the first-order success of the LSP – the fact that the two LAs worked together, that members were actually enthusiastic and committed about the LSP, that it generated a set of innovative projects developed often in partnerships between public and TSOs. Some members also pointed out that the LSP worked as a space for sharing knowledge, political influence and networking. It is not only the LSP that fails but the observers.

My final comment regards the closure of network governance. Ambiguous membership rules, channels of communication, oscillation and change, all this makes the LSP a particularly difficult system to be observed from outside and produces a particular type of closure that is difficult to be fixated for observation from an external observer – that can identify the contingencies of the LSP selections. Recalling the effects of this type of closure – which I call unobservability – and the effects of LSP selectivities, I analyse the couplings between the TS and the LSP in the next chapter. Not only will I propose that we study individual organisations membership in the LSP but also that we describe the TS as an observer. My descriptions of the TS in the previous chapters, as an observer of people standing in the potential for observations that result from systems contingency, indicates the challenges that partnerships such as LSPs may pose to the self-descriptions of the TS.

Chapter 7

Couplings between the LSP and the Third Sector

In this chapter I focus on the couplings between the LSP and the TS, with particular regard to the observations that occur under the political system. My entry point is the self-descriptions and decisions of TSOs concerning the relationship between the TS and the LSP. In the previous chapter, I described the formation of the LSP as an observer and noted the complexity it brings both for the actors inside and for its environment. The LSP was described as a complex governing mechanism of local complexity. I will now show how self-descriptions and strategies of TSOs relate to the structural selectivities and strategies of/within the LSP and the possibility of couplings between the TS and the LSP. Therefore, I will be analysing second-order observations produced by TSOs and the TS as observer observing itself and the LSP. I will describe self-descriptions of participation in the LSP as well as structures for observation.

Besides analysing the participation of TSOs in the LSP in terms of membership and roles, this chapter describes the activities developed under a project, coordinated by the CVS, to minimize difference related to the expectations of the participation of the TS in the LSP. The project is funded by the LSP second homes fund and was proposed by the CVS. The bid frames the need for the improvement of sector involvement arguing with the framework of LSPs and subsequent consultations, the new relationship with the LAA and the acknowledgment within the local LSP and of the sector local action plan of the need for a broader and more structured involvement. The proposal argues for the need to build capacity through infrastructure, conceiving the lack of involvement as something that is to be solved within the VS, through increasing strategic capacity and representation. The project picks up structures that were initially developed under the ChangeUp process, as I described in Chapter 3, and it funds the role of a development worker and activities related to the VCFS Hub and the VCFS Forum.

An important analytical focus was an attempt, which lasted four meetings, to draw a structure for representation of the TS in the LSP. I observed the main decisions that were taken during these meetings and the contingency of decisions exposed as reflexive participants observed the implications of coupling the TS to the LSP. These decisions and the second-order observations of these decisions enable to perceive the TS observing itself as separated from the LSP and how it self-describes as a system to couple to another system. However, at the same time it needs to deal with the fact that individual TSOs are also inside the LSP.

I am not concerned here to investigate whether TSOs participate in the LSPs but why they are expected to participate in partnership governance and, particularly, why their participation is often considered as insufficient or inadequate.

The several documents framing LSPs insist on the participation of the community and voluntary sectors through the inclusion of representatives. In the Annex of the LSPs' Guidance dedicated to membership there is the recommendation that these bodies 'ensure that community and voluntary organisations and local people more widely are in a position to play a full and equal part in multi-agency partnerships on the same basis with statutory authorities and better resourced partners' (DETR 2001, 53). The consultation document on LSPs argues that community cohesion requires that

> representatives from the voluntary and community sector are included on LSPs and relevant subgroups, both in their roles as service providers and as representatives of the local community. Representatives need to reflect all the community including a diverse range of minority voluntary and community sector interests (ODPM 2005a, 32).

The Local Government White Paper devotes a full chapter to the Third Sector (DCLG 2006a) and seems to place advocacy at the core of its observation programmes for the TS. Because the TS may be observed under a semantics of participation and voice, namely in the framework constructed since the Compact and in the Office for the Third Sector descriptions, links are established between the involvement of the TS and the idea of community governance. So, the newness of local partnerships does not lie in partnerships themselves, but in this democratic emphasis, community participation, or co-governance. The TS has a place in policy-making at the local level, as expressed by LSPs,[97] and simultaneously of producer of welfare services. Theoretically, in LSPs TSOs meet with public bodies to decide on what the local needs are, design jointly which needs are going to be satisfied and provide services to satisfy those needs.

So, I argue that TSOs are needed in LSPs semantics for two reasons. First, they provide a wide range of services that are part of the welfare system and are being steered towards public services provision. Second, TSOs supply the semantics of community or of civil society (two different observations) to the LSP. LSPs are rendered democratic partly because community and civil society participate in them. Reflection-theories of governance and government documents deploy this semantics to justify 'the shift from government to governance'.

Analysing New Labour programmes on partnerships, Lowndes and Sullivan say that 'partnership working is central to the twin objectives of Labour's reforms to "modernise" local government: service improvement and democratic renewal' (2004, 53). Under co-governance, TSOs are observed by the semantics of democracy, of community, and by a commitment to a public sphere or a common will. As Alcock

[97] Diamond argues that partnership work is in fact 40 years old. By then partnerships were mainly seen as a way to overcome the inflexibility and departmentalism and poor management of public agencies (2006, 279).

remarks, governance through partnerships incorporates an idea of civil society 'within which all partners, and all citizens, have mutual interests and obligations in securing local social and economic progress' (2002, 243). Under the framework of community governance, partnerships involving the LG and the TS are described in policy documents 'as essential to the creation and support of active communities where citizens participate vigorously in the democratic process and where policy is derived in a "bottom-up" rather than a "top-down" manner' (Ross and Osborne 1999, 50). Swyngedouw says that 'the inclusion of civil society organisations (like NGOs) in systems of (urban) governance, combined with a greater political and economic role of "local" political and economic arrangements, is customarily seen as potentially empowering and democratising' (Swyngedouw 2005, 1993). According to Johnson and Osborne, participatory democracy belongs to the government agenda for local policies of partnership considering that 'the ineffectiveness of representational democracy can be rectified by the active participation of ordinary citizens in local decision-making' (2003, 149).[98] This framework builds on the idea that representative democracy must be complemented by mechanisms of participatory democracy, although some authors were also sceptical of the realism of the participatory agenda (Bailey 2005). Newman (2005b) finds the same features in what she describes as 'participative governance' and, interpreting it as part of the technologies of power, observes that it implies a 'remaking of the public sphere'.

Democracy can be described as a second-order observation. It is developed in the reflection-theories of the political system and is a self-description that belongs to the self-referential closure of systems: 'Politics steers its operations towards public opinion in order to observe, in the mirror of public opinion, the resonance of its

[98] See Perri 6 (1997) for this argument. But, as Johnson and Osborne say, these initiatives also reflect the historically difficult relationship between national and local government, as partnership policies bring 'a series of checks upon local government' (2003, 150).

actions in the perception of other observers' (Luhmann 2004, 353) and then associates public opinion with democracy. Assche and Verschraegen say that 'differentiation and democracy stabilize expectations, enhance stability, *while simultaneously increasing openness and unpredictability*, since new ideas and (reconstructions of) new logics can more easily enter the political arena' (2008, 281). How far the structural selectivities of the LSP contribute to this increase in variety of new ideas and logics is what I explore here.

Existing studies and reflection-theories tend to observe the TS participation in partnerships as problematic. For instance, the evaluation on the participation of TSOs in LSPs indicates failures regarding numbers and processes. It stresses organisational diversity that lies under the concept of VCFS and identifies several roles for TSOs under the different policies for active communities, social capital, civil renewal, and service delivery and the multiple roles played by organisations of the 'sector' (Russel 2005). The LSPs evaluation also identifies an unequal presence regarding different types of organisations and a tension between inclusiveness and effectiveness as sector diversity implies a higher number of representatives (ODPM 2006, 65).

The coupling of the TS with the semantics of democracy produces a specific observation of the sector. The evaluation study remarks that the concern with representativeness is a specific feature of the TS in LSPs.

> Whereas, for example, business representatives are assumed to bring a business perspective without having rigorously to establish their 'representative' credentials, the VCS has often tried to utilise a 'representative democracy' model, placing greater demands on representatives to be mandated by and feedback to their 'constituency'. This was hard enough to operate in neighbourhood level area-based initiatives. At LSP level, it is impossible (Russel 2005, 30).

Because TSOs representatives are observed under representative democracy, concerns are often voiced about the relationship between the VCS and the community it represents, with doubts raised on whether they are the 'real voice' of the community. Very often it is noted that those participating in partnerships are the ‘usual suspects’, ‘self-promoted leaders of the community’ or organisations self-proclaimed as voice of groups which didn’t choose them to be their representatives and don’t have mechanisms to guarantee that they are expressing their views (Lowndes and Sullivan 2004).

The observation of inadequate participation of the VCS (or community) in the LSP and other partnerships is rather consensual and, therefore, difference minimisation programmes are needed. The policies to minimize the difference include empowering the sector, organising the sector, providing capacity to the sector and so on. Taylor remarks:

> Backed up by a discourse of civil renewal and active citizenship, a range of generic policies was introduced to support and enhance the capacity of communities and the wider voluntary sector to contribute to democratic policy-making, to deliver mainstream services and to build social capital (Taylor 2007, 228).

There is a frequent bias on the analysis of the TS and public policies to observe it from the observation point of the policies themselves. It is not just the difference between the policy goals and the present situation that is observed, but the present situation which is described from the viewpoint of the programmes. That is, the observation of the situation is already a reduction of complexity operated within the observations of a given system. Therefore, it is not just the difference between the goals of the political system and the current situation regarding the relation between the TS and LSPs, it is the fact that the TS is observed from the perspective of the political system. So, the next question is how does the TS observe the observations that reserve it a place in the political system through partnerships? This is a difficult question to answer in view of the description of the TS as observer of observations.

> I think there is an important fact in relation to the TS in that it is always being questioned by statutory authorities, by external drivers. It’s quite happy to carry on […]. It rarely instigates its own change. It tends to react to external pressures that are placed upon it. So

> as a consequence of that it is always being asked by a new paradigm to reinvent itself and to fit in with the requirements of external bodies. So it is always a reluctant partner. And it is always wanting to know why this is being asked to fulfil that particular function and secondly what it benefits to itself as an individual organisation or sector. Quite often those benefits are really rather marginal in practical terms. They tend to be either philosophical, that they are contributing to a greater society for the benefit of all, or they are quite threatening. Like, if you are not there, you are not going to be involved, you are not going to be a major player, you are not going to be involved in the development of social policy. So that made the sector quite reluctant and also it grows feelings of antagonism between the partners (TSO intermediary, manager).

What will be noted in this chapter is the specific content of the self-observations and the observations of the LSP that shape the design of strategies of coupling or the abstention from establishing couplings. From a second-order perspective we have noted that both governmental policies and reflection-theories, particularly of public administration, describe the TS as participant in provision in the welfare state and in the political system under semantics of democracy. As previous chapters show, particularly Chapter 3, this return of political observations of the TS is welcomed almost as the condition for the TS to be differentiated from commercial enterprises under public programmes of service provision. From the perspective of the state, part of the founding semantics of partnerships is based in the advance of participatory democracy. Thus, TS description as political actor is an essential element to provide legitimacy for this type of partnerships. The issue is how far the TS can go in terms of the capacity to shape governance.

1. The complexity of membership and representation in the LSP

I will start the analysis of the 'sector' involvement in the LSP by privileging the theme of membership. Thus I emphasise the complexity associated with the difference between the demands of sector representation and the complexity of the LSP. It was noted before that membership criteria in the LSP vary across its different spaces regarding its rules, the existence of rules and what is to be represented. The choice of what is to be represented is a selection with its corresponding undecidabilities as nothing is ever fully represented (Saward 2008) or, as Urbinati (2000) suggests, created in the act of being represented.

Membership of the TS in the LSP seems to be oriented according to two logics – sectoral representation and expertise. Sectoral representation is given by a reserved place to the CVS in the Executive and all BBs. The CVS does not occupy all the places in the BBs allegedly because it lacks capacity.[99] TSOs in the BBs supposedly represent expertise as they are service providers, although they can also assume the role of representing their publics or even the sector or the local community. This is not regulated by LSP rules. The two roles of the TS – experts in services and voice – are admitted in the governmental Guidance although it states they should not be mixed. One example of the reasons under public administration for these roles to be kept apart is the possibility that organisations may participate in decisions about resources as representatives of their public and at the same time they are interested providers. For TSOs there is no conflict here as advancing organisations self-interest is advancing the interest of their publics. Conversely, to separate the functions of representation and service provision fits the differentiation that has been happening, as I mentioned in Chapter 3, since the separation between purchaser and provider allows observing the providers under the economic system while the purchaser may be observed under the political system. Therefore, TSOs are partners of the state in welfare in the political system and competitors for public service provision in the economic system.

The selections of the LSP in relation to members do not seem to differ much from other LSPs (Russel 2005). Most of the largest organisations of the district are present

[99] Which is not new, as already seen in Chapter 3.

in the spaces of the partnership – Executive, BBs and BBs' subgroups –, some of them in more than one space as they may accumulate expertise in several areas or several roles. Several selectivities of the LSP exclude other organisations like, for instance, the time/resources needed to participate. The relevance given to the LSP is shown in the fact that the people representing VCOs are normally the top managers, which have decision capacity in their organisations.[100]

The following table shows individual TSOs present in the LSP in all its spaces (excluding the wider partnership whose membership is unknown). There are many organisations that participate in several spaces: this suggests a narrow and elitist character of participation of TSOs in the LSP if observed under the semantics of inclusion of the local community.

Table 10 – TSOs in LSP spaces

	Number of representations	Number of organisations
Umbrella groups	6	3
CAB	3	1
Carers	1	1
Children	8	6
Cohesion	4	1
Community Development	5	1
Disability services	2	2
Drugs	3	2
Education	4	4
Elderly	2	2
Environment	13	4
Gay & Lesbian	1	1
Healthy living	1	1
Victim	2	1
Women	1	1
Youth	2	1
Faith	1	1
Total	59	33

[100] The same cannot be said, however, regarding the representatives of the public or the business sector, which was acknowledged often in the interviews and in the LSP review.

The exclusions are mostly of small TSOs and minority and faith groups. The exclusion of representatives of minority groups from the LSP in one BB illustrates the selections operated by this governance mechanism. A restructuring of a previous group to be included in the LSP led to the exclusion of the minorities representatives and transformation in a multi-agency partnership, chaired by a TSO with an agenda of promoting diversity, challenging discrimination and supporting community cohesion through intermediating between minority groups and the local population and agencies.

> If we had the Hindu Society, then we would have to have the Chinese Society, then we would have to have people from churches, do you know what I mean? It's actually finding a way of making a boundary so that we can actually be effective and do something. But it means that we don't get good representation of minority groups (BB member).
>
> People have got their competing agendas, the disability groups, their black and Asian groups… everyone is cramming for their space and that will come out as conflict (BB member, TSO).

It is not clear what the role of TSOs in the LSP is and, particularly, whether TSOs are representing the sector in a given geographical area, organisational interests, areas of expertise, its publics or local communities. In fact, the self-descriptions and government programmes point to all these. There are several roles and representations indicating different observations carried on by different organisations and sometimes by the same organisation.

> And saying that you are the commercial sector and you are the public sector and we are the VS is not enough. Someday I might want to sit there or I might want to sit there or there! Depends on what we are talking about, what suits (TSO, manager).

Given the self-description of an organisation, one can also see the concrete complex of interests to be represented or the variety of interests that one organisation may represent:

> The reason I'm on the LSP is because I think it's important for organisations like us to have a voice, it's self-interest, but the self-interest in terms of this organisation is because I believe in this sector… and I'm quite good at arguing. I'm not scared of saying

something that's stupid, I think that's one of the reasons people don't ask questions, because they are scared of being seen not to understand. I think it's important to make sure that the Community Strategy is not all about if it's an unitary council or whether it's as we are now or whether it's meeting Best Value performance indicators set by government, so meeting strong and safer communities or, you know, PCT new strategies in alcohol harm reduction, or whatever. It's about what does it mean for ordinary people (TSO, manager).

Self-interest is not strictly organisational interest as this self-description includes both being in a sector and representing a broader public expressed in the CS. Despite being formally the representative of a BB, this organisation describes itself outside the formal representative role, offering variety in its observations.

This may be a problem from the perspective of the statutory partners on the LSP as it is unclear what roles the organisations are playing. This creates the need to clarify the roles and the appeal that the VS organises proper representation. Besides, there are also challenges from TSOs outside like this case of a rural community organisation.[101]

> Looking at the LSP you see people that have always done things, like Citizen's Advice […], bodies that have been there for years and know what they are talking about but lots of it is because it's so government-led. […] You get people from local government or from the health services… yes, they may know what they are talking about, but they are not helping people that don't know what is happening, because they are keeping things too much (TSO, manager).

The topic of representation itself is an example of how structural selectivities in both the LSP and the TS create more difficulties to TS participation in local governance. One manager of the local intermediary says:

> In business there is greater clarity in the strata between sizable organisations and very small business. Very small business will work in a completely different way than the large one and know very, very little. In the VS that is not true. You can have somebody that is the lead office of one organisation that is based on one housing estate, have 2 or 3 members of staff working with few hundreds of families, sitting and classified as having the same significance of someone who represents a national organisation who has a branch covering the whole of the county (TSO intermediary, manager).

As for representativeness, one observation from business illustrates the difference:

> You select your representatives or your leaders the best you can and let them get on with it. And that, in business, is the secret of successful partnerships. Not a client having a lot

[101] Or the case of a TSO who was refused membership in a BB without a clear justification being given.

of third parties working for the client in partnerships and delivering what the client wants. Doesn't work like that. The client is just one of several parts (LSP member, business representative).

1.1. 'Give us your representatives'

The idea that the TS needs more structured representation in the LSP is present since the setting up of the VCFS Forum by the Hub and the CVS in the context of the Consortium. In its launch meeting it chose observing the TS through the political system, under the topic of voice. In this meeting[102] there was the general idea of the need for the 'sector' to come together in light of the many expectations both from the ChangeUp, which was presented by a member of the CVS, and by the council policies. There were presentations from the LSP chair and the council executive officer making an appeal for a stronger voice and role of the VS in tandem with national policy. The chair of the LSP mentioned that the VS is 'crucial to develop the Community Strategy' and stated that 'we need to know who your representatives are'.

On the other side, among TSOs, it transpires a perception of powerlessness as the sector lacks a common voice, is politically weak, ignored in the political system and losing influence – ideas that I also found in interviews. In the workshop organised around the theme what was pointed out by TSOs as enabling voice was an adequate infrastructure, raising the profile of the local community, a place to speak and resources.

From its inception, the Forum was thought to evolve to a more structured representation that matches policy recommendations concerning the setting up of structures to provide more capacity, reach and representation to the TS in the LSP and other policies such as LAA. The launch event[103] included a self-reflexive moment

[102] VCSF Launch Meeting, 01/11/2006.
[103] The first Forum meeting was attended by a high number of organisations, both large and small TSOs (those within the distinction voluntary and community sector). The medium number of organisations

where the participants were organised in workshops to decide what role and shape should the Forum have. A wide set of roles were identified: information, influence, campaigning, celebration, forward planning, prioritizing, cross-fertilization, quick communication and inclusion. Regarding the choices on how it should work, the main ideas were: more plurality of participants than the usual, defined geographically, accountable, including expert groups.

Regarding its functioning in subsequent meetings, the LSP is only one of the systems being observed by the Forum, and not even the main one. For instance, one meeting addressed the restructuring of the local health authority and commissioning of health services. Public officers were invited to speak and to answer questions from organisations about the changes and other issues of concern. But the meeting also had the role of sector identity-building through providing spaces for mutual knowledge and networking, for instance, with an exhibition with stalls from TSOs and their projects. Another meeting was dedicated to community organisations, a way to include this part of the sector within the Forum, and included training sessions on issues like funding and management and brought speakers to talk about community development and poverty, the way community is observed in policies. There is continuity with the activities of inventing the sector of the local intermediary (CVS) as seen in Chapter 3. But now it is not the CVS providing this unity but these new sectoral bodies. Observed by a public officer, chair of a BB, the Forum provides the unity of the TS:

> The VS has a forum so I think we, as a BB or the LSP, could utilize that forum much better. Because all the VS is there. I've been down there and done a presentation for the PCT and… so I think there's a communication problem… and they need to decide who from there can represent the VS on the various groups and then they have a role and responsibility to feed that back to the VS. So, you know, it's a two way process (BB member, public officer).

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attending the Forum events varied from 30 to 70 organisations depending on the themes (TSO intermediary, worker).

Another body, the Hub, is a meeting coordinated by the CVS that includes in its remit to steer the relationship between the TS and the LSP (and other themes such as the local Compact, the LAA and council's policy consultations). One of the initial coupling mechanisms between the Hub and the LSP was to ensure that the organisations attending the Hub and the LSP meetings were the same. An update concerning the LSP executive and each of the BBs' meetings was part of the Hub meetings' agenda initially. However, there were only a few meetings where it was possible to fully report on the work of the BBs given the absence of members in the BB meetings or in the Hub meetings, or the fact that different persons attended the two meetings. Eventually, the reporting dropped off the agenda, particularly as the group went for developing a systematic representation of the VCFS in the LSP. It is to this attempt that I now turn the analysis.

1.2. A structure for mutual observation

During four meetings,[104] the Hub looked at how to build couplings between the sector and the LSP through the design of a representative structure to elect TS representatives to the LSP and report back to the TS. There were four main decisions to take, one for each meeting:

1) to choose between a loose horizontal network or a tightly coupled hierarchical structure;
2) what to do with the existing governance structures, namely the CVS and the Hub;
3) to choose between thematic or non-thematic representation;

[104] That took place in 17/01, 28/02, 25/04 and 26/06/2007.

4) to choose between a thematic representation according to the themes of the LSP or of the CVS directory of local organisations.

For the first decision, two models were on the agenda: one loosely coupled, based on meetings and networking events of the sector corresponding to the current shape of the VCFS Forum; and another based on a two-tier structure with a steering group and a wider Forum. A comparison of the choices was discussed from an initial document drawn by the coordinator and they reflect the sector observations of the LSP. For each model, positive and negative aspects of the involvement in the LSP were indicated by the coordinator and discussed among the participants.

Table 11 – A comparison of the choices for TS participation in the LSP

Loosely coupled	Tightly coupled
Horizontal	Vertical
Meetings	Organisation + meetings
Networking function	Representation function
Loosely coupled with partnerships	Tightly coupled with LSP
Simple and easy (+)	Requires organising work and a culture change in sector (-)
Lower expectations about outcomes (+)	Is the sector interested in the compromises of partnership work (-)
Less commitment of sector in partnership work (+)	More credibility and legitimacy to sector (+)
Less suitable to provide voice (-)	More voice and representatives legitimacy (+)
Less suitable to engage in planning processes (-)	
Forum	**Forum + Steering group**

There is a choice between interaction and organisation, which are presented as alternative models. While the first is based in meetings, the second involves organisation and meetings. The Forum, as it is called, helps to constitute the sector as existing through networking and is simple and easy since it doesn't require much organisation work nor needs a 'culture change'. It has similarities with the existing VCFS Forum. This structure is typical of traditional forms used in the sector, loosely coupled, fluid membership, based in meetings like conferences and other sector events for information and networking. However, it is considered not suitable for the LSP.

The form of organisation is oriented to couple with the LSP through representatives. The observation proposes a decision choice that measures positive and negative aspects and places them in the same marked side leading to a significant reduction of complexity: having voice, participating in planning and partnership engagement. The hierarchical structure is seen as providing more credibility to the sector, and more voice and legitimacy for the representatives. However, at the same time it is described as a problematic mechanism as it demands a 'culture change' and commitments in partnership working. Thus, the real decision that must be taken is whether the TS is interested in being more tightly involved in the LSP[105]. The two-tier structure makes the sector observable by the political and other systems (credibility) and more accountable internally and to the partners.

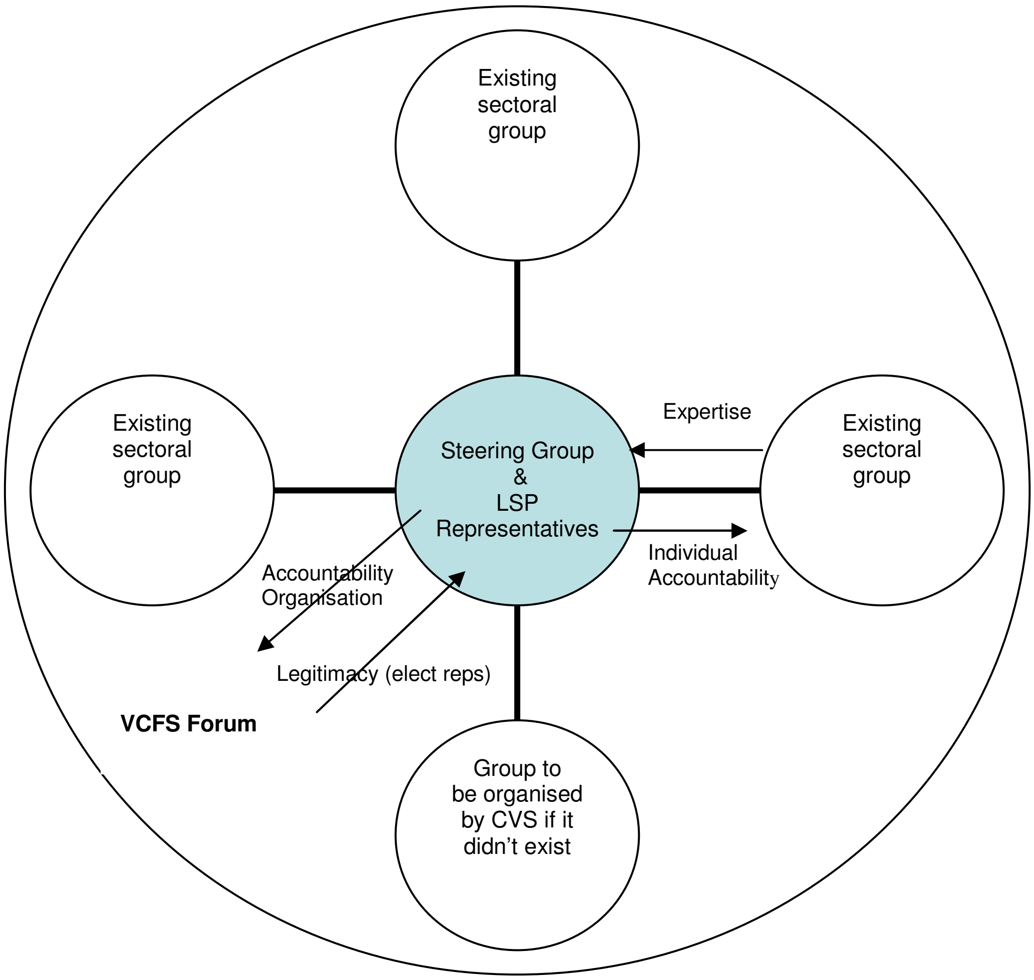
In this meeting there were a number of representatives that sit in the LSP and argued in favour of tighter coupling and the relevance of more participation in the political system. The hierarchical structure was chosen and the group carried on developing this model. In fact, there was no explicit voice against being involved with the LSP. This selection was already made through self-exclusion from the Hub.

Organising complexity generates more complexity because it creates observable points and shows their contingency at second-order level. The decisions regarding the structure of the Forum demand further chains of decisions. In the hierarchical structure the control is placed in the steering group, made up of representatives who are elected in the forum events, both to be representatives in the LSP and to be in the steering group. The group is responsible to organise the forum events, 'take a strategic

[105] According to conversations which took place outside the meeting between members in the meeting and other organisations, some organisations were not interested in the compromises of the LSP.

steer of the sector', report back on the forum from the LSP and other issues related to its steering role. The LSP representatives to be elected by the forum should be simultaneously members of existing sectoral umbrellas and forums and would be in consultation and reporting to their own groups. Like in the formal structure of the LSP, the forum is the space of legitimacy where decisions are made or sanctioned by all TSOs.

Figure 3 – Structure for organisation of the TS to couple to the LSP



The following decisions regarding the governance of the TS require further selections to organise organised complexity of the model in face of environmental complexity. Existing environmental complexity must be included in the new structure that implies considering: what will be the role of the CVS? What will be the role of the existing Hub and of members interacting in the meeting and taking decisions? What to do with the TSOs already participating in the LSP spaces? What is to be represented and how to make this representation? What is the role of existing forums and federations? How to make sure that these thematic forums and federations that have expertise (and legitimacy within the sector) get to be elected to be representatives in the LSP and don't run the risk of being overruled by cliques and majority rules?

The next decisions were about how to include the existing bodies in the envisaged structure. The CVS has an enabling role: organises the Forum, provides direction, guidance and information, ensures cross-cutting community and sectoral representation and encourages participation in the Hub and the VCFS Forum. The Hub appoints representatives to the LSP, works as a pressure group in the interests of the sector, and provides the infrastructure of consultation between the statutory sector and the voluntary sector. The Forum promotes networking and information sharing, receives reports from the Hub, appoints or elects the Hub members and is the consultation infrastructure of the sector. The tension implied in the idea of the Forum electing the members of the Hub was displaced to the future, for a full election process 'when the Forum is more stable'. In the meanwhile the members of the Hub considered which other parts of the sector were not represented in the Hub and should be co-opted to the group.

The next meeting dealt with deciding on what is to be represented and opened up the complexity of the sector for observation rendering visible the contingency of selections. These discussions make visible the impact of the selections of the LSP regarding the possibilities of coupling with the TS and the observation of these selections by the TS. There were three options for decision concerning how the TS could be represented in the LSP, all of them mutually exclusive.

1) non-thematic representation, through the presence of the chair and of other co-opted members of the Hub in the BBs. This hypothesis seems to imply observation of the sector along organisational lines (e.g., VOs, COs, youth groups…).
2) thematic representation along the themes of the LSP or the LAA.
3) thematic representation along the lines of the themes through which the sector is structured in the CVS directory and in existing thematic networks.

Table 12 summarises the issues that were considered and thus the different observations and its exclusions. A background document indicating the three choices and its pros and cons was presented to the group by the coordinator and it was discussed and added. For instance, the note that rural issues cannot be represented thematically was pointed out by a representative of a rural organisation.

Table 12 – Choosing TS observations

	Pros	Cons
Non-thematic	- There can be representation of the sector without expertise. Because most of what happens in the LSP of the interest of the sector can be grasped by anyone who is in the sector (what is basically at stake is funding) - Is more simple to organise - LSP logic is urban. Rural issues cannot be separated in thematic areas. Rural communities deal with all the themes together.	- Overlap with existing thematic networks: it's the themes that drive the work of organisations - Issue of credibility concerning the expertise - Overload in the work of the representatives as they cannot draw from the expertise of thematic groups - Risk of imbalance in the representation structure and less legitimacy - Difficulty to keep organisations mobilized.
Thematic, along sectoral lines	- Is driven by 'us' and has the potential to deal with crosscutting issues - There is the need to make organisations aware of the LSP and bring them to it - There are already constituted forums.	- May not fit with LAA and LSP themes and thus 'harder for statutory organisations to "see" clear representation in these areas' - Organisations, particularly the big ones, may operate in several areas.
Thematic, along LSP, LAA lines	- Greater credibility - Experience in other locality shows the need to break down the sector by themes to be represented in the LSP.	- Risk of exclusion of organisations if the structure is driven by the LSP or LAA - There are gaps in the LAA and in the LSP so to follow their structure enhances the gaps - LAA and LSP are government priorities and governmental policies change. In the case of a change of structure, the VCS will be in a worse position than before.

The three choices, which are already selections whose decisions premises are in the blind spot, illustrate many of the more general dilemmas of observation of the TS. First, there is the choice between observing the TS as composed of organisations or according to the areas of work or its publics. For any of the choices, something of the self-descriptions of the sector will be excluded. As it emerges in the discussion, considering the non-thematic logic it is the organisational interests that prevail, particularly those related to organisations' survival. This representation allows observing internal heterogeneity in the TS in the organisational lines of community, VOs or faith and minority and youth groups. However, this is not enough for participation in the LSP as more than advancing the interests of organisations it requires participation in policy decisions and, thus, specific expertise is needed. As seen before, at the time these decisions were being taken, the two logics, organisational and functional were present in the LSP.

Second, there is a choice between the LSP and the LAA themes and it was quickly decided that the LSP should drive the LAA and not the opposite.

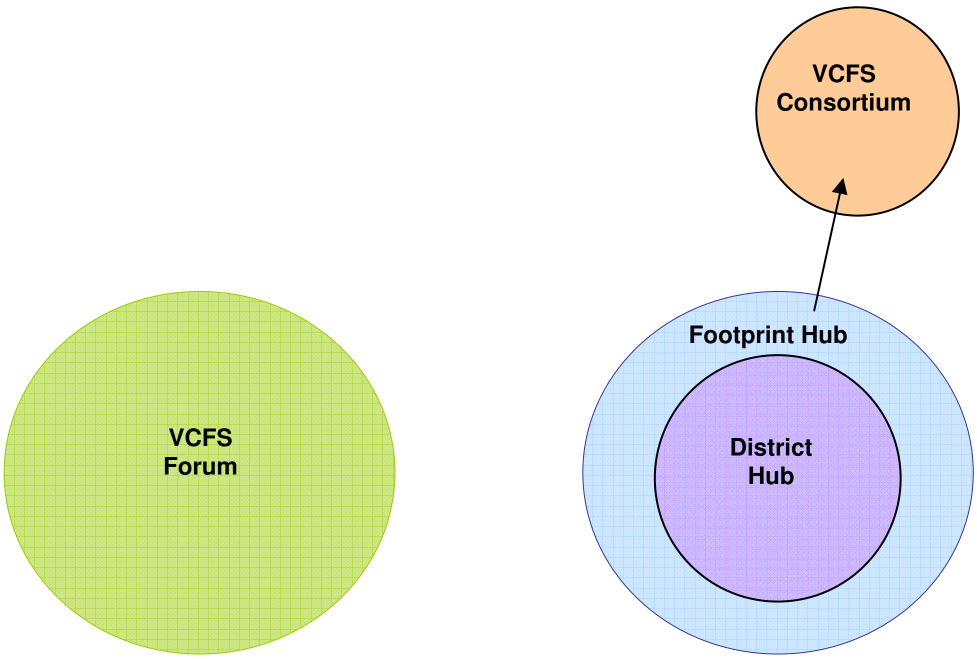
Third, there is the choice between coupling with the themes of the LSP or organising around the TS themes in the local TS Directory produced by the VCS and the existing federative bodies (disability, elderly etc.). Under this observation there are problems of including variety as there are organisations operating in several themes and others that are not well described under functional differentiation. On the side of the LSP themes, existing differentiation is considered inadequate and to derive from priorities established by national government. The substantially limited number of themes of the LSP demands that TS themes are excluded and multifunctional organisations have to reduce variety. Furthermore, it fixes TS representation within the existing themes. A paradox emerges here: the TS is said to be an important contribution to partnerships for the variety it offers, but it needs to reduce its observations to have a legitimate place in the partnership. From the sector viewpoint, and as seen in Chapters 4 and 5, TSOs observations are fluid and constituted contextually and relationally on the side of the contingency of systems selections.

Not adapting to the LSP themes and preserving internal variety is considered a way to deal with the volatility of policy. Not to 'adapt' to the statutory sector observations (as the thematic structure of the LSP is interpreted) allows to be kept outside of its observations. The contingency of LSP's selections is indicated at a second-order level by TS variety, i.e., the variety of the TS that results from its constitution as observers of local complexity (as described in Chapter 4) discloses the lack of variety of the LSP to observe this same local complexity due to the limited number of themes that it can accommodate in its structure in BBs. Among the considerations about the possibilities of coupling is that there are gaps in the LSP and, therefore, the TS should not mould itself to the LSP and LAA structure.

Following a contact from the coordinator to discuss the model of VCS representation, the LSP coordinator displaced the meeting for after the LSP and CS review processes (Chapter 6) were completed. Thus, instead of being an opportunity to shape the LSP to accommodate the TS variety, the review process was given as a reason for isolation.

Regarding the work of the Hub, no decision was taken from the choice of the three models and the structure for representation of the TS in the LSP was dismissed. Instead, the coupling with an alternative scale and purpose was preferred, returning to the original decisions that led to the setting up of the Hub, the ChangeUp. The outcomes of the consultation in the CVFS Forum launch were evoked as decision premises of new decisions. The preferences are said to be accommodated in the double structure proposed, which basically uses what is already in place: 1) maintaining the VCFS Forum networking functions providing it with a role of consultation and accountability of the existing representations of the TS in the LSP, which is basically the CVS; 2) coupling the Hub with the structures and processes happening above the district under the ChangeUp and connected to the public services agenda and the LAA while also giving it the role of the political voice of the sector locally. The meaning of this new coupling will be explored in Chapter 8.

Figure 4 – Structure for organisation of the TS for multiple couplings



- Celebrate the work of the sector
- Increase mutual support and unity
- Share and find common values
- Networking among organisations
- Information
- Mutual learning
- Share good practices

- Prevent duplication and competition
- Joint bids and projects
- Joint resources
- Joint negotiation with providers
- Stronger voice, campaigning
- Impact policy
- Strategic approach

These choices open up the sector observations of other scales where policies are being developed (namely the LAA) and place the LSP in the environment of the sector, along with other public sector bodies. But, while the Hub had given up drawing a representative structure, the LSP still had the perception of the problem of the lack of adequate participation of the VCS in the LSP, although the peer review didn't make any mention to this. Following the failure of the TS attempt at coupling, the LSP then enrolled in stakeholder analysis to identify the organisations that should be in the LSP. Stakeholder analysis implies observing from the perspective of the LSP. Through this technique of observation the LSP is isolated from environmental complexity and the blind spots of its observations. Although I left the field at this time, the process does not stop here. It is expected that as long as the LSP exists, steering attempts to improve the participation of the TS in the LSP will continue both from the LSP and the CVS.

1.3. The failure of mutual observation

Several reasons were provided by the coordinators of the group for abandoning the structure of representation in the LSP. These reasons are not necessarily the only causes but reasons are a cause of action (Sayer 2000) and are also used for communication between different observers under shared meanings. I will describe these reasons in articulation with my own fieldwork observations. They are reasons related to the features of the LSPs and the TS as nationally described, but there are also specific local reasons, related to the expectations produced by existing relationships.

The first reason is the *lack of communication* with the LSP due to the difficulties of contact with the LSP coordinator which did not mediate the two observing systems (i.e., the LSP and the TS). This attribution of action can be further expanded for the general theme of communication between the LSP and the TS and the role of intermediaries. The coordinator of the LSP didn't play this role, namely because the LSPs contacts with the TS have been sparse, despite the attempt of the TS to reduce this gap. The Hub invited the coordinator to the Hub meetings and the Forum but during my presence in the field she attended only one Forum event. But the TS representatives in the LSP didn't play this role either, even if there were individuals present in the two spaces. At a more abstract level the problems with the intermediations lie in the lack of what is to be intermediated both by the LSP and the TS. The changes of the LSP were used to justify the isolation of the LSP in relation to the Hub attempts but, in a more structural way, the structure of the LSP was too fluid and epistemologically complex to envision a way to couple to an external system such as the TS. Besides, as shown in the last chapter, the LSP was in a movement of reducing its internal variety. This was communicated to TSOs. For instance, in presenting the LSP in one of the consultation meetings of the CS 'refresh' the LSP coordinator described the LSP as 'big people, strategic thinkers' taking decisions regarding pulling together budgets, with millions to spend on the priorities of the CS. There is no space for the TS in this description. Although in another moment she described the LSP as open to all.

The way the LSP offers itself for observation also determines individual decisions on membership. If individual TSOs don't envisage coupling possibilities with the LSP, they are not interested in observing the LSP and, therefore, not involved in the Hub or other attempts. This becomes a self-potentiating mechanism. The next quote shows a VCO self-description concerning this lack of possible couplings about a theme that stayed for a long time excluded from the structures of observation of the LSP.[106]

> It is on the LSP on the health BB, that's where housing comes in. Housing comes on health and within housing is homelessness but again I won't be in there. I went for the meeting 4 or 5 years ago in the beginning of the LSP and talking about where it comes and […] I just went 'where is housing?' 'oh, comes under health' 'and where is homelessness?' It's not there, it's not written down (TSO, manager).

[106] I recall here Knudsen (2007) arguing that the displacement of the paradox of decisions needs the establishment of couplings with the places where paradoxes are displaced to. By maintaining the TS excluded from its couplings it had to deal with the paradoxes within itself.

The second reason provided is *lack of capacity* to run the proposed two-tier structure and *lack of time/resources* of representatives to be involved in strategic decision-making. This is an historical reason as Chapter 3 showed. The overload of representation and partnership work was experienced before and belongs to the present past in the structures for observation. Nowadays, complexity increased substantially with an increase of variety within the sector (partly due to the attempt at defining the unity of a sector), the blurring of boundaries, competing observations, ambiguity and an increasing need of expertise and the complexity brought by the attempts at dealing with this complexity through network governance.

In a situation where organisation's budgets are increasingly constrained by contract funding – in activities which sometimes also demand partnership work – there are fewer resources available for other activities like participating in the LSP. When questioning organisations regarding participation in the LSP, several times the answer I got was that they were too busy, with lack of resources and staff and with new demands for producing highly complex bids in the new context of procurement. Among individual organisations, the idea that many other partnerships are competing with the LSP for attention in a context of scarce resources can be found. As a result, the smaller organisations are creamed out.

> Domestic violence comes to everything, you've got criminal law, you've got homelessness, you've got crime, and you've got remedies, the police, the Home Office, all kinds of things. […] We are a tiny organisation, really, really small and yet the multitude of meetings and partnerships that we need to be involved in plus the clients' needs leaves extreme limited resources for everything else... (TSO, manager).

Besides, other observations of local governance are also competing with the LSP for observation by the TS, namely those taking place at the scale of the ChangeUp.

Given resource constraints, observations tend to prioritize those partnerships considered strategic for organisations. Some TSOs attempted for that part of the second homes fund to be used to support TSOs participation arguing that the difference of resources of the VS to participate leads to loss of expertise but this didn't have follow up as decision.[107]

The third reason is that *the LSP is not the best form of working between the community and the public sector* and more participatory arrangements can be put in place. On the side of TS, observations of existing variety and of the need to reduce it to be able to couple with the LSP was put on the balance of decisions regarding how interested TSOs were in becoming observable by the LSP.

There is a long standing feeling of weak political capacity among organisations, which is associated to generalised scepticism concerning participation. This 'consultation scepticism' was frequently found during the fieldwork. Consultation exercises are regarded as ceremonial acts of legitimising decisions already taken elsewhere.

> I'm sure you've seen what consultation means. […] They seem to be very piecemeal, so you would have either consultation because there is a document hidden on a website somewhere and there are 12 weeks to comment on but nobody knows that it's actually there so they don't comment or they'll do, kind of the day where you can come and stick posts and notes on a flip chart and they will take that away and again, it's a day… who comes to that day? Who is invited, who knows about it? You know… and you tend to get a core group of people who is always at every meeting and have an opinion on everything and that's not necessarily representative, they are just people who have the time and the arrogance, if you like, and they are there. If you go to VS meetings, you'll see those same faces everywhere, saying the same old things or sometimes changing according to which meeting they are in but again it's not very useful to the bigger voice (TSO, manager).

The LSP itself, as shown in Chapter 6 regarding the 'CS refresh', helps reinforcing this scepticism. Correspondingly, there was equally lack of interest of TSOs in participating in the consultation exercise of the CS refresh. This consultation occurred in three events organised jointly by the LSP coordination and the CVS[108] and, despite being announced in a Forum meeting[109] and circulated in the CVS newsletter, it had few organisations attending: four in the first meeting, two in the second and five in the

[107] LSP Executive meeting 07/07/2007.
[108] Sustainable Community Strategy, consultation event, 13-14/09/2007.
[109] VCFS Forum meeting, 17/07/2007.

third, with one organisation being present in all meetings.[110] The fact that it was not a true consultation was argued as reason by one TSO manager for the lack of attendance.

> I was talking in the hub meeting about doing… writing the draft and then putting it up for consultation… it should be the other way around, they should consult before they write the draft… because how can you write something if it is not from your point of view? and that's what they are doing at the moment, they are doing it from the government point of view, or the city council point of view… the only way you change it is by keep digging after them (TSO, manager).

The Hub itself did not get much interest from TSOs, as I saw it becoming increasingly empty regarding organisations attendance[111] and the continuous change of organisations representatives. Despite several invitations – during the events of the local sector and individually –, there has been no interest from new organisations to become members. Some invited organisations refused for lack of time and low prioritisation. Someone characterised the group as having no real remit and as a waste of time.[112]

The interviews confirmed the observation that the LSP is not perceived by many organisations as a political space where they can have the voice that is missing or, when it is, it is perceived as a political space occupied by the statutory sector.

There is a fourth reason here, which lies beyond the boundaries of the relationship between the TS and the LSP, which is not provided but underlies the choices that were made. This reason will be the object of analysis of Chapter 8, and concerns the competition between scales and systems observations.

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[110] And this TSO, a civic association, declared it had never heard of the LSP and the Community Strategy and questioned the LSP coordinator on issues like: Is it a city council body? Who chose the members of the LSP? Who chairs the LSP? Who produces the CS? To whom does the LSP report? Is there the chance of an articulate minority taking over? Do this people meet? What happened since it was created?

[111] The average of members attending, excluding the CVS, was 25%, with one meeting reaching a representation of 40% of members and another one 10%.

[112] Meetings and private conversations with some members.

2. The failure of the political sphere and the local Compact

The scepticism I describe concerning the opportunities of participation provided by the LSP and a more general cynicism concerning the political might be explored as a lack of the TS being constituted as a local political actor, which contributes in turn to its reluctance in becoming observable for partnership work.

One unmarked side of the partnership policies and the civil society semantics is that the TS may not want or be able to observe itself as civil society or public sphere. For instance, one community organisation says about the possibility of participating in the LSP: ‘It's enough to go on with the people that come here. You know, it’s enough to think about them without worrying with what the council is doing. Maybe that’s wrong’. In literature, these differences have been discussed, for instance, under the concepts of civicness and civility (Dekker 2010), within the debates of social capital, and by the NCVO, distinguishing participating in sports or a faith group from participating in a council committee or in the LSP, only the latter observed as political participation (Jochum et al. 2005).

Besides the competition between community and political observations, there are also the possible competing observations of the economic system. It all comes to how the LSP offers itself for observation. Observations of the LSP from the economic system, which were often found, were possible because the LSP rendered itself observable in this way. In these circumstances, the relationship with the LSP becomes similar to the one that many organisations have with other funding bodies.

> I think we went to the community safety one because it was where there was money for domestic violence related issues. There would be a use in being on lots of them but time and resources… and, again, except on the health BB, where housing and homelessness are part, that would be fine. I don’t know anyone who is on that (TSO, manager).

However, as mentioned before, there is the perception among local organisations of lack of a common voice and political weakness. The Compact, for its purpose in creating the TS as a partner is a good place to scrutinize this.

In the national LSP Guidance, the Compact was seen as the background for the relationship between government and TS in LSPs. Yet, during my research I could find no mention of it in the Council or CVS websites. Nor did it appear in narratives of local actors, it was not a topic in the LSP and many organisations were unaware of its existence. Those who were aware often mentioned that it has been 'in the drawer' since it was signed. I found the local Compact undergoing revision in a council group set up to review the funding arrangements between the Council and the TS. Looking at the content of the Compact, one understands why it was being observed in this place. It emphasizes the financial aspect of the relationship, good governance, transparency and accountability on both sides including putting in place monitoring and assessment schemes, quality standards for services and users' participation and participation of the VS in strategies and policies of the Council. While all of these aspects are present in the National Compact, the omissions are also relevant because they point to the weakness of the political.

One of the undertakings of the government that exists in the national Compact is absent from the local Compact,[113] namely, 'to recognise and support the independence of the sector, including its right within the law, to campaign, to comment on Government policy, and to challenge that policy, irrespective of any funding relationship that might exist, and to determine and manage its own affairs'.[114] Unlike any similar mention in the national Compact, the local Compact states twice that council funding is linked to the council corporate objectives and that one of the

[113] 'A Compact between City Council and the Voluntary Sector in the District', n.d.
[114] *Compact on Relations between Government and the Voluntary and Community Sector in England*, 1998, p. 8.

undertakings of the TS is to 'use council grants to further the council corporate objectives'. The observations of the TS inside of the political system as critique and watchdog of government is absent. This seems not to be a peculiar feature of this locality, as McLaughlin and Osborne say:

> The legacy of poor LG-VS relationships in many localities, as a result of the previous model of 'service agency'... could militate against the development of complementarity between the sectors and serve to perpetuate a relationship of co-production as opposed to co-governance between the sectors (2003, 17).

Unlike the national, the local Compact is not a second-order contract, but a regulatory framework for the relationship between the local council and the few VCOs with funding relations with the Council. In fact, as described by a council member present in the negotiation of the Compact, to stabilize the funding relationship between the TS and the local Council was already a major advancement. The relationships between the LA and the TS are tense, partly because they are inevitably so, as the local TS assumes the role of critique of government and argues 'we represent people just as much as an elected politician represents people' (TSO, manager). The local Compact hasn't succeeded as a second-order contract where the two sides agree to disagree politically. The following quote corresponds to an often found feeling among local participants concerning the relationship with the local Council.

> So there is a lot of mistrust and suspicion because previously there hasn't been a great deal of dialogue. So the voluntary sector comes to the conclusion that the statutory authorities have got many more obligations than in reality they do have and the voluntary sector takes the view that the statutory sector, because of those obligations, is negligent if it doesn't take certain actions. But […] just because you have a moral indignation doesn't mean that someone is going to share it and do something about it. So that tends to cause difficulties (TSO intermediary, manager).

The local Compact is unfit for the LSP both because it does not constitute the TS as a partner for co-governance and because of it restricted ambit. Excluded from the indications of the local Compact are other local government bodies and local bodies of national administration, and, on the other hand, the voluntary organisations that don't have SLAs, which are the largest part. Thus, the local Compact looks like a corporatist arrangement and because of that it was being discussed in a council group that equally included only invited TSOs with SLAs. The local intermediary was not attending (I will analyse this group in the next chapter).

In fact, this narrow observation of the Compact didn't even resist the observations of the grants group as soon as the participants realised that the national Compact indicated an observation broader than the framework the group could provide. In face of this, the decision was to involve the CVS in the discussion of its revision. However, the CVS also saw itself as too narrow to enrol in negotiations for the review of the Compact and sent the discussion of the Compact to the Hub so that it could be discussed by the broader sector. The Hub discussed the Compact and after realising its low profile and the need to monitor its implementation it decided to endorse a recommendation of the grants group to the Council for the revision of the Compact.

3. Conclusion

I analysed TS observations of couplings with the LSP, i.e., self-observations regarding the observations of the LSP. I addressed issues of membership and representation of the TS in the LSP and noted the ambiguous representations that are being made, matching the ambiguity of the LSP itself. I described a specific attempt of the TS to couple with the LSP structural selectivities and how the structural selectivities of the two systems rendered this coupling impossible since neither system adapted its structural selectivities to the observations of the other.

The parallels between this process and the description of the formation of the LSP, in Chapter 6, are interesting. The same choice between a more fluid, interaction-based structure and an organisation, with the organisation implying a higher level of hierarchy, control and formalization can be seen. The first model seems to be more adequate for dialogue and mutual observation and identity building and allows keeping more degrees of freedom while the latter is seen as the condition for participation in the political system. Therefore, a similar oscillation between network and organisation seems to happen in the TS. The hierarchical representational structure is seen by TSO representatives as providing legitimacy and voice and a commitment to partnership work. That is, the TS must be constituted as a partner to be in the LSP. However, this requires decision premises to be in place. I brought the case of the local Compact to show that locally the TS was not constituted as a partner for the political system. As in other localities (Craig et al. 2002), the Compact was not the framework of the local partnership relations and, therefore, didn't help constituting this actor – although studies have been showing that the Compact works better where relationships were already good.

For Sørensen and Torfing, governance networks threaten the difference state/civil society of liberal democracy (2007c, 235). This difference is constitutive of the TS local self-descriptions as I described in Chapters 4 and 5 and in the reluctance to shape the TS structure to the structure of the LSP in this chapter. Indeed, it is not simply a dissolution. We are witnessing an unfolding of the paradox of the state consisting of placing the partners on the same side of the state, i.e., re-entering the partnership in the state as responsible for governance and leaving the side of civil society empty. But it still needs the semantics of civil society to maintain the distinction between the governor and the governed and, thus, indicate the whole of society. The question is, again, as it was on the last chapter, how is the LSP observable from its environment? The attempt of the TS to constitute itself as an observer from the environment failed and, possibly, it would never succeed without unfolding a set of new paradoxes related with the position of the TS in the LSP both as individual members and as a whole.

Even if it emerges that there is inadequate participation of TSOs in the LSP, it is important, in the first place, to render visible the observation of what would be adequate participation. The LSP itself offers paradoxical self-descriptions concerning this participation. On the one hand, the partners should be ‘at the table’ co-ordinating services provision but, on the other hand, the TS partners should be representative of the community or of the sector diversity, which complicates matters even more as the TS now represents the whole too. The TS is in a paradoxical situation in governance as it is both in and outside partnerships.[115] How far it describes itself inside or outside is a contextual variable. Here the semantics mostly involves an outsider observing that the statutory sector dominates observations within partnerships. Because of this, the self-descriptions with which it observes the statutory sector are used to observe the LSP. Inside, TSOs bring requisite variety which is supposed to help shaping the definition of the local priorities and strategies. Outside, they bring the semantics of community and civil society, of voice and advocate of their publics. This duality is not solved as it coexists in the semantics and practices of the LSP and it mirrors the duality of the state as both *primus* and partner.

I also argued that the LSP structures and programmes for observation and the variety of TSOs participation and representation are not fully explained under the semantics of democracy, but that the semantics of democracy is an important observation to sustain attempts to minimize difference. This semantics feeds the observations of failure that feed governance. That is, under the semantics of democracy there are several observers to observe failure leading to the recursiveness

[115] Craig et al. (2004) argue that this double position is a feature of the TS strategies towards the political system. This can vary with organisations, and studies have shown that there are different types of relationships, but it can also exist within the same organisation.

of network governance through this type of partnerships aiming the local common good. In fact, LSPs are imperfect from any point they are observed within this semantics: it fails a) in the observations of representative democracy (Skelcher et al. 2005; Esmark 2007), in inclusion, publicity and accountability; b) in participatory democracy (Russel 2005); and c) in deliberative democracy (Lowndes and Sullivan 2004, 61; De Rynck and Voets 2006), and equal participation in dialogue to reach consensus. Geddes suggests that 'LSPs cannot be seen, as institutionalist and governance theoretical perspectives might suggest, as effective institutions regarding their ability to enlarge and enhance the local political sphere and revive local democracy' (2006, 85), which is something that Sterling (2005) also remarks, considering that partnerships are not inherently democratic.

However, what is relevant here is not so much that failures exist, but that in a context of multiple and overlapping observations – hypercomplexity – these failures are indicated. Consequently, the corrections of these failures are normally addressed to the TS and not to the partnership itself. It is the TS that lacks capacity and needs to be empowered. So, it may be identified at a third-order level failure, namely structural inequality, but this diagnosis does not lead to the change of the structures which normally make TSOs in partnerships weaker, less organised, less skilled, and less coherent in terms of their participation in the LSP and, as pointed out by Bailey, bear the financial costs of participating in the LSP (Bailey 2005). In other words, in relative terms, the structural selectivities of the LSP favour other players. Even if partnerships can reduce the distance between the governor and the governed, they do not solve inequality and instead increase it by ignoring or masking inequality. The policies to correct the failures of the LSPs go in an opposite direction to that of changing structural selectivities for TS participation while this is compensated – deparadoxifyed – by steering policies towards the TS (Chapter 8).

Observations of failure are essential for the dynamics of governance. Partnerships, more than other observing systems, will often observe failure as they include several systems and organisations producing second-order observations. Failure observations are an essential mechanism for inclusion and are also basic for self-production of governance, for its autopoiesis. Because partnerships like the LSP are framed under semantics of inclusiveness, they can also be observed as failing when they exclude. Observations of failure are noise that produces the necessity for the systems to react to these observations. So, the failure that may render the LSP unable to operate as a place of mutual observation is not the mutual observations of failure, but the failure to produce observations. This may happen through unobservability. This means the failure to fail, which blocks any difference to be observed from the environment.

The next chapter will delve deeper into these paradoxes by exploring in greater detail the state's attempts at governance. This will be explored in the sequence of (1) governance failure; (2) fresh displacement of state governance responsibility to other partners; (3) the re-entry of the latter as governing or meta-governing; and (4) the reflections of this dynamics in the TS as it deals with the different contradictory goals that it has been (newly) ascribed. This will show the broader context of the relations and dynamics I have been analysing in the two preceding chapters and help understanding better the paradoxical place of the TS in governance.

Chapter 8

Complexity unfolding in state–third sector relations in local governance

This chapter reconsiders the problem of complexity-reduction introduced in Chapter 1 and asks whether the forms of reduction operated by the LSP and the TS can solve the paradoxes of societal complexity, especially as they appear in the national welfare state, through effective network governance. Its proponents suggest that this provides a means to co-ordinate multiple systems charged in different ways, in different respects, and over different spatio-temporal horizons with solving societal problems and promoting social inclusion. They are expected thereby to connect (or intermediate) other governance mechanisms, such as the state, the market, and the community, which in context of this thesis serve as self-descriptions of the political, the economic and the social systems, respectively. The third sector, which constitutes part of the environment of each mechanism, is posited as an interface that can reflect on the problems of each, mediate among them, and thereby solve problems that cannot be resolved by each in its own terms (codes, programmes, steering media) or through organisations that specialize primarily in one set of functional activities. Indeed, in systems-theoretical terms, this is the distinctive site and responsibility of the TS (Chapters 4 and 5). However, as noted in Chapters 1 and 2, complexity is self-potentiating in that attempts to reduce it create more complexity. This chapter explores some salient aspects of this paradox in general terms and presents two telling examples. These indicate two entry points, for the LSP and for the TS, respectively: the LAA and the ChangeUp programme. These emerged from separate governmental departments (HM Treasury and DCLG or, before, ODPM) and developed in parallel policy streams. However, the TS public services agenda (ChangeUp) and the LAA both affect public services delivery because this is a key function of local authorities. The articulation began with local observers observing policy strategies and adapting their strategies accordingly and then spread to government (NAO 2007). Thus the complex set of relationships and mutual observations among the TS, LA and the LSP and their role in creating new policies justifies taking two entry points into the complexities of network governance.

Chapter 6 mentioned the shifting observations presented by the Local Government White Paper (LGWP) (DCLG 2006a) of tighter couplings between the LAA and the LSP, while determining that the LAAs are to be established at the higher LA level in two-tier areas. Chapter 3 mentioned that the ChangeUp policy and large scale provision were rescaling the TS upwards from the district level. This chapter explores these changes as they are represented in some core themes of the TSO-government relationship, which links welfare state objectives to the role of the TS in providing help and claims and, more generally, contributing to network governance. I analyse the relationships and the couplings that my research identified as bearing on the irritations and observations produced in the self-descriptions of the LSP and the TS. These couplings, which guide my empirical observation of other sites and scales, involve the LSP, the CS, the TS and the LA at the district level, and the LSP, the CS, the TS, the LAA and the LA at the county level. I identified mostly loose or absent couplings, first between the CS and the LSP in general, as described for the district LSP (Chapter 6), second, between the LSP and the LA at the level of the district, which I discuss below. Chapter 7 also explored the problematic couplings between the LSP and the TS as the latter tends to be present but not represented. Moving to the district-county relationship, I also identified lack of couplings between the district LSP and the county LSP and LAA, and in the county, between the LSP and the LAA. However, the LA and the LAA seem to be better coupled. Note that I collected my data precisely when the LGWP was beginning to make an impact and, therefore, part of what I observed was revealed by the attempt to adjust to this framework.

I first observe these complex relationships and their potentiation of complexity in terms of the part-whole paradox of the state and its effects on the TS's role in governance. This paradox occurs because 'the state is but one institutional order among others in a given social formation; and yet, it is peculiarly charged with responsibility for maintaining the integration and cohesion of the wider society' (Jessop 1990). I will show how this paradox unfolded three times as policies 'jumped scale' from the national to the county and then to the district level. It also reveals the complexity that emerges from attempts to displace this paradox by switching between efforts to resolve failure through network governance and efforts to compensate for network governance failure by re-introducing the state. This confirms my previous claim that failure is a mechanism of the self-reproduction of governance.

I then show how the part-whole paradox is reflected in the unfolding of the complexity of the TS's involvement in governance and the impact that this has on its self-reference. The TS is not only an important partner in solving the 'paradox of the state', but it also contributes to its complexity when it demands that the state solve the societal problems that it (the TS) has observed. Thus, in managing the paradox, the state's observations are articulated to TS observations and this is reflected, in turn, in increasing complexity for this sector.

My empirical material comes from meetings and interviews. The latter are mostly with managers of intermediary bodies of the TS involved in TS steering policies and with public officers involved in steering the LSP or the LAA. Although ease of presentation requires that I present the analysis in successive steps, the different attempts to manage the part-whole paradox actually overlap and reinforce each other.

1. Part-whole paradoxes viewed in organisational terms

Studies of government and governance in England have often highlighted the scalar dimensions of the part-whole paradox by noting the double trend for devolution to local authorities and the national re-concentration of power. Increasingly, however, national control is not effected through command – although it remains as a last resort – but through governance instruments like those of the New Public Management (Clarke and Newman 1997). In this way, the national state keeps a tight control of local authorities and, increasingly, local governance through performance assessment.

The New Labour agenda of democratic renewal, local government modernization etc., combined participatory mechanisms – such as partnerships – with representative democracy. Critics have suggested that these policies aimed to limit the autonomy and performance of LAs by making it share governance with other bodies, including partnerships and the TS. This can be seen in the political role of TSOs as monitors of LA services and advocates for local people. Relationships between TS and LA are acknowledged as more tense politically at local than national level, where the Compact was first created and where partnership work is acceptable (McLaughlin and Osborne 2003). Whilst not disagreeing with these observations, I want to show that the picture is even more complex. The national state’s strategic effort to bring LAs under control is just one aspect of the part-whole paradox that shapes welfare state tensions.

Even in the case of the TS and the ChangeUp, the LAA is the focus of observations and strategies by local organisations. Indeed, the LSP was already intended to effect a jump in scale from the area-based policies to the level of local authorities, when they were expanded as best practice from the NRF areas to all other LAs. LSPs were first proposed in the National Strategy for Neighbourhood Renewal as an instrument for coordinating local services, but their remit was soon extended beyond neighbourhood regeneration to the scale of the local authority because they are also coupled to the CS. Thus LSPs had a dual nature: they were governance mechanisms for area-based policies focused on issues of social exclusion and for the wider local authorities, focused in the local common good. Together with the difficult integration between the local government modernization agenda and the area-based policies, this dual role began to be tackled from 2004 through the LAAs, first as pilots and then generalised to all local authorities.

In two-tier areas it was decided that the upper tier LA should establish LAAs and this is why the districts do not have LAAs. In the LGWP, in 2006, given the uncertainty about the role of LSPs, these partnerships came to be tightly coupled to the LAA and thereby gained new strategic relevance. In two-tier areas, the upper tier LSP is supposed to set the LAA's priorities and monitor them. The lower tier LSP is supposed to articulate with the upper tier LSP and the LAA.

1.1. First unfolding of the part-whole paradox: setting up LAAs

LAAs can be seen as an instrument of national government to steer, through money, the relationship between national and local governance and to steer local governance relationships, as they are the mechanism to negotiate the transfer of money from national to local government. LAAs are a commitment signed between the central government (through the regional office), the local government and the LSP agreeing on the outcomes, indicators and targets of the performance of the local area. They are said to change the relationship between national and local government easing control over the definition of the local priorities by central government, focusing on outcomes rather than outputs and implying stronger accountability to local people. In the LGWP, LAAs were tightly coupled to LSPs – and this is where my first study of paradox starts – so, as the document says:

> At present LAAs are an important, but not central, part of the performance framework. In the future we see LAAs as being the delivery plan for the Sustainable Community Strategy focused on a relatively small number of priorities for improvement. Some of these will be agreed in negotiation with Government and will reflect national priorities. Others will be purely driven by the LSP and will concentrate on other more local priorities affecting local citizens and communities. LAAs will then form the central delivery contract between central Government and local government and its partners (DCLG 2006a, 102).

The LAA contains national priorities of the state, in the form of the national indicators, and the local goals set up by local partners. By signing the LAA, the local partners commit themselves to national as well as local priorities. LAAs are coupled to the performance assessment of LAs since the performance of the LAA is linked to that of the LA. LAAs are supposed to reflect ‘particularly’ (but not exclusively) Community Strategies (ODPM 2005b, 6). In 2007, in a follow-up of the LGWP, a new set of indicators (National Indicators Set) replaced the 94 Best Value Performance Indicators (BVPI) and those of the Performance Assessment Framework (PAF), reducing the 1200 indicators to 198 (DCLG 2007). These were coupled more tightly with the LAAs which, according to the LGWP, are the only mechanisms through which targets will be agreed with national government. The LA bodies are thereby encouraged to observe the LSP. A greater emphasis on locally assessed indicators prompted the renaming of the PAF as Comprehensive Area Assessment.

The LAA framework is coupled with the Best Value regime. This is a national government market-type steering mechanism that requires local councils to periodically review their services and improve them in terms of targets that are locally and nationally defined.[116] Like the business networks described by Teubner (2008, 75), Best Value provides a framework for observation that includes various producers and consumers of services, emphasises flexibility and expects mutual observations to bring local transformations to public services. Under the LGWP, a new duty to inform, consult, involve and devolve is added to the Best Value regime, emphasizing devolution of management and provision of services to citizens and communities. The Best Value is changed in order to prioritize two principles: citizen engagement and competition (DCLG 2006a).

Linked to the Best Value regime is collaborative procurement and commissioning (Entwistle and Martin 2005). What is new is that commissioning includes the expectation that TSOs and other actors will not only deliver services but also influence the identification of needs and services.[117] These coordination mechanisms attempt to overcome the growing fragmentation of providers and commissioners (see Bovaird 2006, 92). They include several systems, different goals – regulatory, commercial and socio-economic – with mutually contradictory values (Erridge 2005), and a plurality of roles for the same organisations and for the users (cf. Bovaird 2006). The LGWP gave commissioning a central role as a function of LA, further articulating it to LSPs. The latter has a greater role in the new performance management framework because their role in agreeing priorities for improvement to be taken forward in the LAAs makes them central to outcome-driven 'strategic commissioning'.

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[116] It is based in 4 principles (4Cs): a) challenge: set goals to place its services in the top 25% of LAs; b) competition: services open to competition from other providers; c) consultation: public opinion on services; d) comparison: evaluate services with quantitative performance indicators (Pidd 2005). To distinguish it from the Conservative government, the Best Value process allegedly differs from Compulsory Competitive Tendering insofar as it replaces competition by partnership. In fact, it adds partnership to competition.

[117] Government policies are uncertain concerning commissioning and procurement and TSOs also lack a clear understanding of what it involves (Murray 2009). Locally I was told that the latter starts with the officers charged with implementing it (TSO intermediary, manager).

Because the LAA is a steering mechanism of local governance and of the financial relations between national and local government, the national government needs to mandate the LA as the partner with which to sign the LAA – there is no other democratic legitimate partner for this. Thus, the LA is the accountable body that guarantees that goals agreed with the state are pursued by all partners. The LA becomes responsible for the performance of the LSP. However, let us remember, the LA is just one among other partners and not necessarily the strongest or most relevant, or even the most interested and supportive. The way to solve it in the LGWP is through 'leadership'.[118]

The resulting paradox is most acute when it emerges that partnerships stand parallel to the local elected government and that the CS, which is supposed to contain the local priorities to inform LAA, is broader than the Council Corporate Plan (CCP) and not necessarily tightly coupled. In short, new couplings had to be introduced.

1.2. The second unfolding of the paradox at the county level: LAA, LSP and CS

This paradox unfolds again at the county level and it becomes more complicated because of two-tier arrangements. The guidance on LAAs states that the county level should lead both the LSP and the LAA negotiations, but it must demonstrate that districts were involved and county LSPs linked to district LSPs. So, the county LA is now responsible for the performance of the district LSPs and LAs.

Despite being often downplayed in the studies of LSPs in two-tier LAs, the LGWP is aware of the two-tier complication with the new framework and open up the

[118] Regarding elected councillors' participation in the LSP, one interviewee said: 'There was a stuff that was about the new local government paper saying local governments got to improve its effectiveness etc. etc. and how do you involve the democratic system and being effective managers, what is really what you are talking about? How do you effectively run something that is controlled by people who are elected?' (LSP member, officer).

possibility that districts apply for unitary status or counties for enhanced two-tier status. In the present case, however, this did not solve the situation because the district bid failed.[119]

So, at the county level, two factors have increased complexity. One is intrinsic to the county scale. So, a review of the links between the county LSP and the LAA identified the lack of articulation between the two and between the county CS and the LAA (consultation event[120]). The other is related to the districts and it potentiates (and is potentiated) by the former: it is a complexity that existed previously and is enhanced by the need to couple the LAA and the LSPs. As some interviewees acknowledged, the LAA is under the control of the political side of the LA, particularly regarding the logics dominating the negotiations between the county and the districts.

> If you have a LAA for the county, in theory what it would say is: 'these are the worst parts of the county for that, therefore we put the money there, and all the rest of you, you are not so bad, so we are not going to give you any because we are going to focus on the priority areas of deprivation, or the priority areas where crime is an issue, or the priority areas where racial tension is an issue. You are not going to get any of it'. What they end up doing was almost dividing it equally; otherwise you are not going to sign up to the LAA (LSP Executive, officer).

So, the couplings between the districts and the LAAs are achieved through the LAs. At the LAA level, the negotiating table must include not only all the statutory agencies that are mentioned in the LGWP, but also the several districts. The problem of representing different systems, sectors and scales is multiplied, not just regarding the size of meetings,[121] but mainly regarding the scale at which the issues are articulated and discussed.

> What's really interesting is, if you look at funding, who has all the money, where it's coming from, you have the Learning and Skills Council […], you have the Job Centre Plus, which bring a lot of money as well, you have the county, which brings in quite… I

[119] In any case, it is, again, a solution by recourse to hierarchy: strengthening the autonomy of the districts or the command of the county LA. This caused much uncertainty and delay – as the district did apply for unitary status – particularly at a moment where the LGWP reorganisations were happening.
[120] Consultation meeting on county LSP, 02/05/2007.
[121] The physical limits of the meetings are a recurrent reference to justify limitations on membership.

don't know exactly how much, quite a lot. You've got the police, the fire and then this bit here is all districts added together. [...] You can see why the larger partners get annoyed that all the business is taken up with district councils… which is quite small issues compared to some of these other things. So that's the tension. The districts all want to punch above their weight and have a sit at the table, but when you look strategically they are not necessarily the most important players there. And then you have the VS as well… and how many seats do you give to the VS? (LSP Executive, officer).

In the county LSP, the same observations of the impracticality of having all the organisations and all the districts 'sitting at the table' led to decisions to group districts in footprint areas, selecting one to represent the districts in that area, which, again, is contested. This complexity is increased with the couplings that now need to be established between the LSPs and the CSs and the LAAs. So, it becomes unclear who should represent the districts in the county LSP and who should be negotiating in the LAA on behalf of the districts, because the accountable body to negotiate and sign the LAA must be the LA. In this case, however, which body owns the Community Strategy that should be connected to the LAA? So, given that the partner that needs to be at the table to sign the LAA with the county is the district LA and not the LSP, the district LSPs are discarded in the representation structure and the LA represents the aspirations of the local community. The paradox is solved by returning to hierarchy.

A third element of these relations is the county CS. Comparing the county and the district CSs, one can find couplings between the themes. This is a result of the consideration of district CSs and of consultations with district LSPs as part of the process of elaboration of the county CS. But the CSs in both areas – county and district – were loosely coupled to LSPs – although the review happening in the district CS is bringing it closer to the LSP structure (see Chapter 6).

Finally, there is ambiguity concerning 'ownership' of the decision premises: is it the LAA or the LSP? Will the LSP shape the observations of the LAA or vice-versa? This becomes more relevant when we address the relationship between the district LSP and the LAA, which foregrounds the relationships between the two LAs.

1.3. The third unfolding of the paradox: district LSP and CS

The third part-whole paradox unfolds at district level. The district LA is now responsible for the performance of the LSP in the LAA and, somehow, it must articulate the council corporate strategy with the CS. However, despite being responsible for the performance of the LSP and other bodies on the district, it has a reduced capacity to control the money, as this is under control of the county LA, the accountable body of the LAA. This justifies further the aspiration for unitary status: 'We would just have an LAA. The money is ours and we would deliver' (council officer, LSP).

There are tensions in the roles expected of the LA in local democratic governance and in partnerships. These are apparent in local relations. It was only recently that the council leader joined the LSP executive (see Chapter 6). Previously, there was a substantial decoupling between the LA and the LSP but only on the side of the elected members.

These descriptions correspond to the features of the LSP at the time of its review (Chapter 6) and what we see here also confronts existing complexity with the new frameworks. There was no mechanism of accountability between the LSP and the LA, except for those related to the second homes fund (Chapter 5), through the Overview and Scrutiny Committee. This fund seems to have motivated the only presentation of the LSP to the full council (in 2006) and this seems to have been disappointing.

> We actually went and did a presentation to the city councillors and it was awful, it was terrible, because they were so critical of the LSP without a full understanding of it, and afterwards (…) I was talking about alcohol and there were members of the council laughing (BB chair, public officer).

The outsider status of the LSP vis-à-vis the Council is also exemplified in the fact that the first nominated chair of the Executive held the portfolio of relations with external bodies in the council.[122] As with other external bodies (namely TSOs with SLAs), the Council also nominated two councillors to sit in the different BBs of the partnership but many councillors rarely or never attended the meetings.[123]

> The district council is supposed to nominate one person from the cabinet and one councillor with the remit for whichever block they sit on and we have two […]. One of them… he does respond to emails, but he never comes to meetings, and the other councillor has never ever sent apologies or answer any email. I don't even know if he is still supposed to be the representative. So the council elected membership is very poor (BB chair, public officer).

But, if the elected council is isolated from the LSP, the council officers are strongly involved up to the senior levels, although without formal membership in the Executive, but with capacity to influence meetings: 'If you look at the LSP exec, the agenda is set in the remit of the chair and the officers, so it's their agenda that comes to the table, nobody else's agenda is ever on there' (LSP member, public officer). In fact, it is the rationality of the LSP itself that seems to make inadequate the observations government/opposition of the political system – the paradox part-whole is inside the state. Councillors are allegedly unable to understand the need to overcome the boundaries between the different authorities remit, to have a broader perspective of what interests the district, instead of focusing particular themes of their political agenda (LSP member, officer), not to be concerned with policy and long-term strategy due to the pressures of the political cycle:

> You've got 4 years you are thinking about what you can get done, what you are going to be judged on, not just making… making the world a better place and making things much more efficient and organised. You are not getting judged on getting no results (LSP member, councillor).

[122] Yet, the Council Leader did participate in the Economic partnership.

[123] I also observed this externality in the Grants Task Group meetings. In this group the councillors discussed these representations as overburdening their work and often demanding expertise they didn't have.

The decoupling of the LA in two sides[124] in the relationship with the LSP serves to displace the tensions between the LA and LSPs as LSPs and their community strategies clearly stand as a competing mechanism for local governance.

Other decouplings are visible, such as LA services not included in the observations of LSP, even though they are included in the CS (e.g., neighbourhood management, culture, tourism) or the CS has not usually been observed by the CCP (it began with the review). Under the revised CS, which linked it more tightly with the structure of the LSP and its observations in BBs, these absences became enhanced because many LA services are no longer present in the LSP or the CS, the latter supposedly having to inform the negotiations in the LAA; or vice-versa, because, at the district level, it is also unclear whether the LAA should be the decision premises of the LSP or vice-versa.

> I spoke with the head of LSPs and Community Strategies in the GCLG yesterday and I asked him that exact question about how it was expected to be structured around the new LAA and he said 'no, it's just guidance'. They are not imposing it. County thinks they are but central government says they are not, it's only for guidance and I will take that guidance (LSP coordinator).

However, when observing the structure of the LSP (and 'refreshed' CS), we see that, with the exception of maintaining an autonomous environmental BB in the LSP, there are couplings between the themes of the district LSP and the LAA. In fact, the couplings that are established with the LAA or the county bodies and observations are quite heterogeneous. While persons can do this in that part of the LSP that is more tightly coupled to the public services – under the county social services and education, the police or the health system –, other parts of the LSP are isolated from the LAA – the Sustainability and the Economic BB. So, we see two situations. First, part of the

[124] Andersen (2000) argues that the differentiation between government and administration within the political system allows the administration to describe itself as non-political. NPM also enters government from the side of the administration (Clarke and Newman 1997). This split is evident in the LSP. Only in some moments, like the unitary bid, did the officers clearly take sides, rendering the code government/opposition visible.

LSP has been shaped by the priorities of the public agencies, a tendency that the LAA is increasing (Geddes 2008). So, at the level of the mainstream services, there is strong coincidence between the LSP and the LAA.

> Because a lot of targets around health are owned to some extent by specific organisations in the Primary Care Trust or social care ones owned by adult and community services. So they are sort of owned by the statutory groups and the LAA to some extent is a similar thing where the statutory owns most of the targets (BB chair, public officer).

So, for instance, the chairs of the health and education BBs participate in the spaces of the LAA and create articulations.[125]

Second, the sustainability and the economic BBs privilege the observation of the district to the county or the country. The Sustainability BB emerged from the district LA21 and is supported by council officers in coalition with TSOs. Thanks to its environmentalist agenda, it has a localist semantics. The district economic BB is coupled to other scales and strategies, namely regional, and observes mainly the district scale. One argument for the unitary authority is repeated in the economic BB. That the district is marginalised in the regional strategy, and prevented to develop economic relationships and cross-border movements with cities within other county authorities with which it has more affinities.

> [The district has] only a very loose relationship with what the county wants to do because it focuses necessarily on this community, this people, lead outcomes and the fact that the county has another tier, another level of government, has its own aspirations and targets it's difficult to have loyalty both to your local vision or local aspirations and the next tier up. […] So you might say 'let's average all that out and find the mean and all that we are trying to achieve is the mean'. But then you say 'that's just arithmetical convenience, got nothing to do with what we are trying to do here' and that's the difficulty about the LAAs (LSP member, business representative).

So, to conclude, at the district level, the couplings between the LSP and the LA are ambiguous. On the one hand, LAs are just one of several partners in the LSP and its

[125] The shaping of the resources by the LAA can happen at several levels, but there is one more immediate that is called the 'stretch targets' and some local actors are paying much attention to these. The stretch targets in the LAA are the result of the incorporation of the Local Public Service Agreements in the LAAs. They maintain the same logic of providing access to a reward funding through the Performance Reward Grant and access to extra funding and flexibilities (ODPM 2005c).

political programme is just one among other strategies in the CS (at a first-order level); on the other hand, the LA is responsible for the performance of the LSP, due to the tighter coupling between the LSPs and the LAAs, because it is the only authority that can negotiate and sign the LAA. This explains why the LGWP emphasises the LA leadership roles as enabling and coordinating and intends to see the involvement of the elected members strengthened (DCLG 2006a, 97). Strengthening the relation between the LA and the LSP also provides the democratic accountability that LSPs lack.

2. The unmarked side of the paradox: the complexity of the third sector's role in governance

I now analyse the role of the TS in local governance in relation to its relationship with the state, as partner (co-governor and collaborator) and as governed, from the perspective of the political system, and as governance mechanism, from the perspective of the TS. I will show how the part-whole paradox of the state is reflected in the relationships between state and TS and how these influence the TS in local governance, potentiating complexity within the third sector.

So, the LA depends on the performance of the LSP and the LSP on the participation of the TS, not only for legitimacy reasons, as developed in Chapter 7, but because of the function of service provision. This is how it is observed by a manager of an intermediary organisation:

> LAAs and LSPs came from different functions of government. The delivery of activities to satisfy the targets that are in the LAA are going to be from LSP activity. LSP activity is going to depend upon its internal partnerships and the majority of those internal partnerships are going to rely on VS to deliver… social care, volunteers, worklessness, all of those social targets and it's the VS that is going to be involved.
>
> […] What will happen is that there is an increasing tension between those relationships. Because that is the root for the county council to get more money. If it can get targets, it

> can get money […], those activities are delivered through the LSP in the district, but they are not going to benefit necessarily from those resources and if the local LSP is dependent on the VS to deliver, which isn't engaged in the first place… just imagine the tension between those three (TSO intermediary, manager).

Chapter 7 already mentioned the difficulty of bringing the requisite variety offered by the TS to the observations of the LSP. I have also shown that the process of adjustment of the local LSP to the new orientations of the LGWP increased this difficulty. Therefore, the next lines follow from here.

First, it is important to describe the descriptions made by the LGWP about the TS in local governance. Unlike other governmental departments that observe the TS from the dominant systems in place (Chapter 3), the LGWP observes the multiplicity of TS roles and descriptions. As Table 13 shows, however, this involves not only identifying multiple descriptions in the TS but also defining these roles for governance purposes, framing each under the several objectives of the LGWP. The different names do not simply indicate the real variety, or the several semantics, they enclose different functions within different names and isolate the relations between these.

Table 13 – Actors and their tasks in the observations of the LGWP

Names	Tasks
Citizens, community and voluntary groups and businesses	Duty of local government to ensure participation
Local people	Choice over services Right to be heard through Community Call for Action
Users and communities	Involvement in procurement decisions
Neighbourhoods and communities	Right to request local charters
Tenants	Neighbourhood management schemes like Tenant Management Organisations
Users	Judgments in inspectorates and performance assessments
Local community groups and frontline councillors	Communicate these opportunities to local people
Local voluntary and community sector	LA duty to ensure community participation in setting priorities and in the design and delivery of local services
Communities and community groups	Management or ownership of local authority assets
Local third sector	Better involvement in LSPs
Providers	Commissioning, including 'as far as possible, the key funding and procurement principles contained in the Compact'
Small community groups and when building the capacity of third sector organisations	Continued use of grants, where appropriate, at a local level
Smaller, voluntary neighbourhood-based community groups Third sector	3 yrs funding in grants if best value Longer-term in LAA contracts and others dependent on assessment on council Use of Resources
Third sector bodies	Contracts to deliver public services

Source: Elaborated from LGWP.

In fact, the DCLG traditionally observes the TS more in community engagement and representation than in public services delivery (NAO 2007).[126] This is so in the LGWP and in the White Paper *Communities in Control* that deepens the agenda of devolving power to communities (DCLG 2008).[127] But, simultaneously, the LGWP affects the public services agenda through its framework for the LAAs and it had the collaboration of the OTS. The Treasury observes the public services agenda and supports difference minimization policies to enhance TS capacities through the ChangeUp, which is also established at a scale above the district. In the Treasury

[126] The National Audit Office advised the DCLG to observe the TS also as service provider in the LAA policies.

[127] This White Paper broadens the 'duty to involve' to other public agencies and adds a new 'duty to promote democracy'. This is in line with the LGWP, which actually provides a new relevance to local representative democracy not only through giving leadership to LG, but also to promote participation in local politics. In relation to the TS, on its expression as local communities, it gives relevance to voice and participation in politics, which has been in the descriptions of the TS produced by the OTS.

programme, the TS is valued because organisations mix these different roles. Billis and Glennerster (1998) are quoted in governmental documents as describing 'Stakeholder ambiguity' as the comparative advantage of VCOs. This is because there is limited differentiation, if any, between the roles of employees, providers, users and clients, volunteers, members of the board and so on.[128] But, in practice, policies cannot accommodate this internal diversity. So, to participate in services commissioning and procurement the TS needs steering policies. An Audit Commission study revealed the following problems: lack of meaningful consultation of users' needs, small organisations' inability to enrol in the commissioning process and conflicts of interest both in the councils and in TS due to the double role of commissioning and service delivery. To this we can add the multiple roles in the relationship between TSOs and LAs and the tension in their role as voice, or observers of public system's failures, plus the emerging tension rooted in the forced sharing of local governance placed upon LAs by governmental policies.

> Part of the political drive to move towards procurement, which meant it could open up much more to the TS, is because central government and particularly the Labour Party has got such real antipathy towards local government and it's using it as a way to reduce the significance and the influence of LG by opening up to TS the ability to deliver services (TSO intermediary, manager).

The multiple descriptions of TSOs imply that TSOs are basically required to play contradictory roles. Regarding the LA, they compete with it to provide services under Best Value, they are the voice of users and experts to assess needs under commissioning, they are subcontracted under procurement, and they are the voice and watchdog of council statutory duty. The same organisation may play these roles simultaneously.[129] To conclude, the next quote expresses the increase in ambiguity in policies.

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[128] For a discussion on TSOs as co-providers, see Pestoff (2008).

[129] But in other cases it can be difficult to conciliate, for instance, being dependent on funding from the same organisation they are supposed to criticise.

> The only reason why the VS keeps attending is because of this moral imperative that it must surely help social policy and there might be somewhere down the line some resources for my organisation and this kind of threats: 'if you don't go, you are going to miss out, you won't know what is going on…' I don't think there is enough intellectual clarity in policy development in this country. We are not following a business model, we are not brutal to say 'you either deliver a service, it is contract and if you are a VO that means you close', that's the market place… but we don't like that very much… and yet we are not prepared to design national social policy from the aggregation of individual needs (TSO intermediary, manager).

2.1. First unfolding of third sector complexity: the district level

I use the relationship of service provision between the LA and TSOs through SLAs to show how the paradox of the state is reflected in the pressures on the TS thanks to the type of instruments adopted to assess LAs. This case also demonstrates the difficulties that the state faces in steering the relations with its partners and, therefore, succeed in its goals.

I note here the mutual observations of a council grants group set up to review SLAs, composed by councillors and with invited TSOs with SLAs. The agenda of the group set up by the Overview and Scrutiny Committee included considering the possibility of introducing tendering for inviting SLAs in order to increase the capacity of the council to define the services that are provided.[130] This is an indirect effect of the Best Value upon the relations between TS and LAs.

The reason for the council to undertake a review is that, due to the generalist character of the SLAs, the Council cannot demonstrate that the grants are achieving value for money or targeting needs, and that it lacks the capacity to shape the SLAs according to the Corporate Objectives. Given the political costs that can be associated with terminating an SLA, it does not control the relation and is being pressed by other TSOs to have new SLAs.

During the meetings, in the counter-observations, the semantics of TSOS as described in Chapters 4 and 5 emerge: VOs are outside government supplementing

[130] Grants Task Group Meeting, 08/01/2007.

and pressing for new areas and needs in the name of the users. They can actually have a competing definition of the local common good and, so, they cannot replicate government's priorities. The business-like technology of governance – tendering – allows the LA to gain control. The shift to a tendering process means that organisations will bid for contracts that the Council would put out to provide services that are specified in the tendering document, including the description of the services, how they are provided and the cost.

Table 14 shows the main topics of this discussion and the two observations of what the tendering process would mean to each side.

Table 14 – Tendering Process[131]

Council observations	TS observations
Possibility to define what services should be provided in accordance with the council corporate plan and the decisions of the council on which services to fund.	There are other objectives pursued by organisations, such as 'benefiting the community', which are not in the corporate plan.
Opening up a tendering process allowing several possible providers to bid for the provision of the service, facilitating innovation.	Organisations with SLAs developed their skills in accordance to SLAs and they cannot be switched on and off according to the oscillation that procurement brings.
Using a scoring method that ensures that VOs comply with council policies and best practices in issues like health and safety, insurances, equality…	Changing organisations activities means the loss of expertise, namely because insecurity regarding project continuation leads to the exit of staff.
Allows other TSOs access to council funding instead of the preferential treatment given to some.	The loss of expertise leads to more expenses as new staff needs to be trained. This process can take up to 9 months.
More capacity for monitoring and to show value for money.	Some outcomes of the VS work cannot be measured.
Give control to the council on the money that it is making available instead of being organisations setting up their price.	The contract culture is adapted to commercial organisations and totally misses the nature of the relationship between state and VS

Relevant here is the difference between the council need of control (as national policies demand so) and TSOs' demand for autonomy for observing the public benefit beyond the LA programme. A Criteria Based Award was chosen as a middle way between current arrangements and procurement, as both parts considered the tendering process to be inadequate. The group's recommendation included a greater coupling

[131] Discussion during the Grants Task Group Meeting, 08/01/2007.

with the council priorities and greater monitoring, but also consultation with the population regarding priorities and the possibility to create new SLAs.[132] In the immediate follow-up not much changed in terms of existing SLAs and the amounts allocated by the council.

These negotiations occurred with fewer TSOs and a limited budget – similar to that of the second homes funds, which corresponds to the TSOs with which the Council has relationships, excluding small grants to TSOs and the housing SLAs. Features of corporatism are present, with long-term relationships established with a reduced number of providers.[133] There is obvious rigidity on the amounts spent in SLAs as this remains stable through the years, with pressures to lower this budget. An analysis of council reports[134] shows that since 2002 the total amount of SLA grants even decreased slightly, from near 290k in 2002 to 250k in 2008, thus showing the rigidity of this relationship in terms of the capacity of the TS to press for an increase in the LA responsibilities. Besides, one needs to acknowledge that the total amount is indeed small, not even reaching the budget of many medium-size organisations in the district.

So, we see that the accountability to national government through the Best Value regime pushes the LA to press TSOs to be framed by the governance objectives of the LA. The TS, trough the SLAs, must be coupled to the council business plan which, as mentioned above, must be coupled to the CS. But TSOs resist because their autonomy to observe the unmarked space is endangered by being placed under the objectives of the LA. There is also an issue of scale here because, due to the limited services controlled by the LA (as social services and education are under the county LA), the relationships

[132] City Council, Final Report of Grants Task Group.
[133] For instance, these meetings were never brought to the discussions in the Hub, neither there was attendance of the CVS in this group as sector intermediary (if there were, it would have been a paradoxical situation as it also has an SLA with the council).
[134] Report of 22/02/2005 for 2002-2008; Report of 17/01/2008 for 2008-2009, Report of 11/09/2007 for 2007-2008.

between the LA and TSO are limited and, indeed, not strategic for the local TS. Besides, due to the financial pressures on council budgets, disputes occur between the two councils on who is responsible for funding particular TSO services, so we can see these being pushed from one to another. One example is the meals-on-wheels services. This further reduces the relationship between the district LA and TSOs.

The LSP's exclusion from some areas of LA work, namely housing, or neighbourhood regeneration, which are areas of work of local TSOs, also makes it hard to observe the LSP as a worthwhile body to be coupled with.

However, the national government demands that these relationships are improved. In 2008, the Comprehensive Performance Assessment of the district identified differences to minimize in the LA-TS relation: the Council is not using VCS to achieve its priorities, the Compact is not being used to guide relations with the council, support to the VCS is *ad hoc*, uncoordinated and not comprehensive.

To put these relations under assessment, due to the efforts of the OTS, the LAA now include a specific indicator on the TS/LA relations in the Comprehensive Area Assessment. The NI7 is measured in a national survey of TSOs in top-tier LA areas with the question '…how do the local statutory bodies in your area influence your organisation's success?' Other survey questions complement the information provided by the indicator, on partnership arrangements, local resources and support, funding relations, influence of local decisions and support available from intermediaries.[135] This means that, under the LAA, both the county and the district LAs depend on the district LA establishing good relations with the TS. But this has not been facilitated by the changes considered in the next section.

[135] OTS, Briefing for Local Strategic Partnerships NI7: 'Environment for a Thriving Third Sector', Office of the Third Sector, available at: <http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/ni7_briefing%20_note.pdf>, [accessed 10 August 2009].

2.2. Second unfolding of third sector complexity: the ChangeUp and the Consortium

The ChangeUp programme reinforces the tensions in coupling to the LA and, ultimately, for TSOs to observe the district as its preferred scale. Chapter 3 already mentioned this programme and the resulting Consortium established at county level and suggested the observations of these bodies created new challenges for the role of CVSs.

When we shift observations of the TS to the county level, we actually find good couplings. Through the county Consortium, the TS is coupled in order to play a role in procurement and commissioning. As we jump scales, it becomes easier to couple the TS and the state but this occurs at the cost of increasing complexity within the sector.

The ChangeUp (or Capacitybuilders) programme results from attempts to steer the TS scale by increasing the scope for a private market for public service delivery[136] – the dominant observation of the HM Treasury. Scaling up happens in two ways: inventing a sector at a larger geographical area and increasing the size of providers.

One TSO manager involved locally in the organisation of the ChangeUp programme describes it as a steering programme to prepare the sector to take up the public services:

> […] So this model of local authorities becoming strategic leaders and measuring the performance and quality of the services, but not necessarily delivering the services, is what Gershwin has been about. So, in order to effectively get providers to come on to the market and move the public services they have this thing called ChangeUp which is about building capacity of the sector (TSO, manager).

The government guidance on ChangeUp links the initiative to the agenda of public services delivery and the lack of sector capacity to deliver that agenda (Home Office 2004b). This is an attempt to create the service providers that could respond to the increase of scale effectuated through joint commissioning and procurement. The Consortium (Chapter 3) is the expression of the ChangeUp. It developed couplings to

[136] According to Bovaird (2006), the CCT failed because it relied on a market that did not exist and had to be created by the state.

the LAA and the upper level LA occupying a previously empty space for intermediation with a sector. For the county LA, it provides the possibility of an observable interlocutor and it is quickly recognised.

> Because of all these changes in terms of the government agenda, the White Paper, the LAA, the VCSF Consortium, the locality focus and the Compact Plus, all that has made us realise that old Compact Working Group is not serving the purpose […]. So previously we had members from the infrastructure organisations from each subsector. So there was somebody from youth, somebody from voluntary services, somebody from disability, a BME group, a representative from faith organisations. The new group is going to be a little bit more, if you like, friendly towards the already existing VCFS Consortium. So we would have somebody from the Consortium, somebody from the BME, faith and the Hubs of the Consortium (County LA, officer).

The Consortium was designed and refined[137] to match the agenda of service provision and to couple with the processes of the LSP and the LAA.[138] The thematic groups of the Consortium increasingly came to match those of the LAA.[139] A study to redefine its structure and role mentions that the proposed thematic structure mirrors the LAA themes and that each network group is expected to have a representative place in the respective LAA group.[140] For decision-makers in the Consortium, this is of strategic interest because it enables organisations to access funding and political influence.

> When we started we were saying to people 'do not be dazzled about getting into the partnership board; it's not where the things happen. It is what happens underneath the board that you need to get into'. That can be going back to the LAA, the four blocks, that is how investment plans of the consortia needs to be aligned with against the four blocks. The problem with statutory sector is that they only see the VCS delivery in the safe and stronger. My argument is that VCSs are involved in children and young people, environmental stuff, right of all the four blocks VSC have a part. And unless they align their plans to those blocks you've got a problem (TSO intermediary, manager).

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[137] Since the Implementation Plan, for example.

[138] As can be seen in the implementation plan and in the membership list I quoted above.

[139] Initially LAAs were organised around four thematic blocks – Children and Young People, Healthier Communities and Older People, Safer and Stronger Communities, and Economic Development – which facilitated the negotiations between central and local government and, since 2008, funds transferred to the LAA are no longer 'ring-fenced' (i.e., a single pot of money is provided). However, the LGWP suggests that 'local partners might want to organise their Sustainable Community Strategy, their priorities for improvement in the LAA and their thematic delivery partnerships around the four themes' (DCLG 2006a, 105).

[140] Recommendations Report of the Working Group.

Being coupled to the LAA up to the level of TSOs means a greater capacity to influence policy from within, exploiting the chance to be involved in commissioning in the thematic groups.

> If you link your investment plan to your LAA, you are in a position where you are identifying for and with statutory partners what some of those gaps are. […] These plans are not flexible enough to address a lot of these issues, but where there are big issues authorities do change their lines because they can see long-term problems (TSO intermediary, manager).

Therefore, unlike the couplings (or lack of it) existing between the TS and the LSP in the district, the Consortium offers a simplifying observation of the sector that allows couplings to the LAA policies. Self-organisation does occur as local systems perceive their interdependency. In this way, scale jumping of the district LA takes place as organisations have capacity to couple to the LAA through the Consortium or even individually by coupling with its groups.

2.3. Third unfolding of third sector complexity: seeking a new third sector

However, reduction of complexity in the relation with the environment comes at the expense of increased internal complexity. As the Consortium couples with the LAA it orients itself to an observation that privileges themes. It also becomes more decoupled from the logics of organisation in geographic hubs, which was problematic insofar as it implied a reorganisation of the scale and territory of existing CVSs. These Hubs were established, according to the tender document, to reorganise TS service delivery so that these footprint hubs would become the contact point for statutory bodies instead of individual agencies. This initial intention was diluted due to the tensions that this programme generated through the loss of influence of the district CVSs.

> This has been a real problem, the geographic, because the CVS, the generic, they want to control this Consortium, but what the Consortium initially wanted, 'well, let's go for the

> footprints and ask people to be represented in these footprints', but they said the footprints don't map any kind of boundary that you would recognise, it would just be created by county council. And the CVS said 'No. We want you to come across the CVS boundaries'. So the Consortium said 'No. We'll have district representation' (TSO, manager).

But, just like the LSP and the LAA, if the formal and more visible couplings between the structures at district and Consortium levels are absent, they do exist through the persons and organisations that circulate in the two spaces. So, particularly as the Consortium changed its membership to include front-line bodies as well as intermediaries, many district TSOs do participate in the Consortium and its groups.

Besides influencing commissioning, the Consortium also wants to facilitate provision in the scale implied by these structures and, so, it self-describes as a site where TSOs can jointly bid for large contracts. The need for cooperation arises from a disseminated discourse of inevitability that is confirmed by concrete cases of public bodies changing previous forms of funding to purchase by large contracts. So, as I was told by two organisations, one youth and one carers' organisation, the county LA is announcing that it will change the existing funding for large scale contracts put to tender to cover the area of several providers in order to avoid duplication.

The Consortium is a cooperation model that is justified by the need to create capacity for smaller organisations to resist the increasing competition that tendering will bring to the sector and particularly the fact that the bigger providers are better able to do so. I was often told that the amount of time and expertise required to produce the bids was demanding for organisations.

But, again, as organisations enter Consortia to bid collectively for contracts, complexity that existed in the relationship between TSOs and statutory bodies shifts to inside the Consortium. The place of competition changed from the contracting arena to the core of the collaborative arrangements. It is here that organisations have to negotiate their position and redistribute their role. It also shifts to inside the issues of autonomy and selection of providers. Therefore, these arrangements also help in solving the difficulties of LAs in controlling the relationship with TSOs, as was seen before in the discussion related to SLAs.

> The problem is there are far too many organisations which have been set up because they think there isn't somebody doing something for them. Certain VCS organisations almost duplicate what another one is doing because they want to do it in a particular way, that's why they are doing it (TSO intermediary, manager).

To conclude, should the Consortium model work out, it would be very difficult to manage because it will internalise many pre-existing tensions and roles in the relation between TSOs and statutory services. This will particularly affect issues of organisational autonomy, given the need to eliminate some TSO services to organize collective offer or the establishment of hierarchical relationships. The management is complicated and, by the time of the study, the Consortium was not offering back-office support. One example of the huge challenges of the consortia model is the following case:

> One major county organisation faulted because of those circumstances. It has gone into voluntary liquidation because the LA instead of funding 3 individual organisations as previously to provide 3 distinct activities said 'we want one contract with one organisation to deliver all our services' and so it produced a fight between these 3 county organisations, one just walked away and said 'forget it', one has gone into liquidation and the third one increased its capacity threefold in 2-3 months. The one organisation that survived, instead of providing those services directly, which it can't do because it's not big enough, now has to work with 30 subcontractors, 30 other organisations, has contracts with each of those to provide all the different elements of the major contract. So, the new result has caused one organisation to disband, one organisation to be weakened and the complexity of demand on the remaining organisation by making it a clearing house, which was what LA used to do in the first place. […] If you get it right, it's fine because nobody else will be in competition with you, nobody else will bid for that contract, if you get it wrong, you can imagine the chaos. LA has nobody else to do contract with, the organisation crashes and who loses? (TSO, manager).

New concepts arriving in the TS semantics, like measuring the value-added of TSOs and full-cost recovery, indicate new observations of the sector that result from the pressure exerted on government policies by national intermediaries. In the first case, although acknowledged as necessary in government documents, specific measures of the value TSOs can bring to services provision are not implemented in procurement processes (HM Treasury 2007b). As for full-cost recovery, this is also a new observation of TSOs that was advanced by ACEVO as a protective strategy against being used as cheap providers of public services,[141] but the NCVO, keeping its position in the TS in the welfare state, argues that TSOs should be able to choose whether to find additional funding to services, to have full-cost recovery, or even to make a profit. This last observation was backed by local TSOs, under the semantics of SE, allowing it to win autonomy from the public sector. This is a paradoxical result of the government framing as market income the contracts for services provision, for instance, under the semantics of SE.

But other observations, arguing that public services provision[142] is not the same as market provision due to the accountability mechanism involved, consider that procurement – particularly in the core of public services – will only add to the already existing complexity in the provider relationship.

> The notion of procurement to VO was always sold to VOs that it would be much more businesslike, much more straightforward, much less bureaucratic and give much more responsible autonomy to the VOs, and yet, in my role I get organisations saying quite the opposite […].
>
> The feedback I get from organisations, particularly large county organisations, is that from a sector point of view in terms of their internal capacity to do business is better to avoid the LA contracts, because they take so much time, so much complexity, so much intellectual drain on organisations for such little output gain. If they do an investment analysis, they are better off having their chief officer using his time raising their money in another ways. There are some organisations which actually sat back, which is providing big problems to the LA because there is no other provider (TSO, manager).

Even if the government increasingly acknowledges the different roles of TSOs, many of the criteria under which they must work are in conflict with some of their prevailing self-descriptions, as in the distinction between representing users and providing services.

[141] Kendall and Taylor (2010) place ACEVO in the consumerist observations of the TS.

[142] As research around the concept of quasi-markets has been demonstrating, since Thatcherism there have been attempts at framing welfare services under market observations.

The national intermediary, the NCVO, identifies this dilemma, indicating that the problem lies in the distinction between voice and choice in the instruments of procurement and tendering and in the privileging of choice instead of voice.

> The 'voice' agenda recognises that many service users, or communities, do not want to have choice of services or providers, they do not want the option of exit, they simply want to know that their opinions and concerns are taken into account from the outset when designing a service, and not just through a complaints procedure if it goes wrong (Blackmore 2005, 17).

3. Conclusion

This chapter focused on the recursive relation between the part-whole paradox of the state and the TS. The LAA policy and the frameworks of the LGWP can be seen as acknowledgments of the state's failure to displace governance to other systems. It is linked to a tightening of government control over LSPs, as acknowledged by experts (Geddes 2008).

Complexity was increased because the policies designed for LSPs and their articulation with LAAs and public services provision did not take sufficient account of relationships in two-tier areas. Indeed, governance at the scale of the district runs the risk of becoming irrelevant due to the pressures from different scales and territorialities. But these problems are not directly attributable to the two-tier structures: indeed, the paradox is also unfolding in other areas, such as the neighbourhood level of area-based policies, which could be seen as a fourth unfolding of the paradox. Its more general relevance lies in the strong localist emphasis brought by the LGWP and subsequent policies. The absence from the LSP is far from an irrelevant absence. Neighbourhood management and its partnerships are under the control of the district LA and are placed outside the observations of the LSP – thereby isolating it from the complexity of the two-tier relations. That it is a present absence can be seen in the council bid for unitary status, which proposed a revision of the LSP tightly coupled to the Neighbourhood regeneration partnerships and the theme of social exclusion. However, given the origins of LSPs themselves, as an attempt to overcome the limits of area-based policies, one can imagine the paradox unfolding again.

The hypercomplexity of network governance appears several times in this chapter: e.g., in the instruments of the Best Value, procurement and commissioning, in the multiple roles of policy, in the combination of different types of governance modes – hierarchy, market and heterarchy and, we could add, in community regarding some observations of the role of the TS in the networks of governance. I also noted hypercomplexity in government descriptions of the TS and its several roles (and names) in the diverse goals of public programmes. Hypercomplexity is intensified through the co-existence of scalar problems with the other types of socio-spatial observations – territory, space and network (Jessop et al. 2008). Under the networks that include the LSP, the CS, the LA and the LAA one can find issues of place in the semantics of the CS, of territory, in the relationships between the two LAs and in the relation between the county and district TS bodies, and issues of scale in the pressure for larger scale provision of services by the LA.

This hypercomplexity potentiates complexity further because, in a certain way, it is in itself a reduction of complexity regarding the relationships that exist between the multiple self-descriptions of the world. This is a trend that I link to functional differentiation and second-order observation produced by the systems which re-enter in functional differentiation in their own marked side. This is a reminder that this re-entry is not a means to describe holism or to observe the content of functional differentiation from a position outside these systems but, rather, the observation of functional differentiation by functionally-differentiated systems. This chapter shows how the hypercomplex descriptions in the 'partnership' programmes increase complexity to TSOs, particularly as different observers allow different observations/systems to coexist in the same space at the same time (e.g., while TSOs accommodate simultaneously the role of provider and advocate, public programmes demand a separation).

The concept of ecological dominance (Jessop 2002) suggests that, in the context of hypercomplexity, some observations have more impact over others than vice-versa. Ecological dominance emerges, in the first instance, because money is needed to secure the provision of social services both by the LA and the TS. This is why the observations of the TS oriented to the economic system prevail over other observations about political participation in organisation strategies and in the TS-LA relations. Economic system observations are reinforced by the combination of governance mechanisms that subject LAs to surveillance from market-type technologies of governance by national government for purposes of governing local governance (e.g., the need to evaluate the cost of all services under SLAs with TSOs, which means that everything must be measured and calculated in terms of monetary cost – and there are things that cannot be measured). Reinforcement of the links between these instruments, the LAA and the LSPs, places partnerships under similar discipline (as seen in Chapter 6).

These calculations are not straightforwardly market-motivated, they are strategically used to pursue other goals such as government control of TSOs and LAs autonomy. These mechanisms, established at metagovernance level, have features of 'persuasive coercion' through LA performance assessment and threats to TSOs loss of services or closure.

Ecological dominance also arises from government policies oriented to the restructuring of public welfare services and steering policies intended to create a market for public services provision, which includes re-descriptions of the TS and TSOs (DCLG 2006a, 144-145). These calculations tend to be used strategically by TSOS as they try to establish resonance and couplings with different observing systems.

Reinforcement takes place in the tendencies to scaling up that are connected to market-type mechanisms and rationalities, such as economies of scale for services provision and procurement. This can be seen in the fate of the unsuccessful unitary bid. According to the government invitation,[143] the bid of the district authority would have to show: the affordability of the transition; broad support by partners and stakeholders; that the unitary structure 'provide[s] strong, effective and accountable strategic leadership'; and creates opportunities for 'neighbourhood flexibility and empowerment'. However, unitary status was rejected on the grounds that, although the proposal scored positive in terms of showing the capacity of neighbourhood engagement and empowerment, likely achievable leadership capacity and support of *some* stakeholders, it failed to demonstrate the affordability of the process and risked the integrated service delivery in the county territory.[144] This means that, when decisions had to be taken, the programme for large scale services delivery had priority over the LGWP's other goals.

Finally, and relatedly, space can be used as a steering strategy privileging some scales, territories or other spatial descriptions like place. Both the LAA and ChangeUp policies were oriented to scaling up observations and observers. The stronger coupling between LSPs and LAAs and the programme of LAAs orients observations of the LSP to the agendas of services provision and local government modernization. In this

[143] DCLG, *Invitations to councils in England*, October 2006.
[144] DCLG Letter to the Council, March 2007.

context TSOs are observed as providers selling services in competition with public and business providers, on the one hand, and partners in commissioning, on the other hand. Simultaneously, as local authorities are driven to increase procurement and commissioning, and in face of the emphasis in the economies of scale, TSOs are seen as one among the several types of providers that need to be steered to be able to take part in this market. Indeed, TSOs are needed to create this market.

Power issues are also involved in the spatial reorganisation and particularly in re-scaling: a) locating the LAA at the upper tier level increases the interdependencies between the district and the county actors for access to resources and also renders the upper tier governance more strategic for TS observations; b) the Consortium compete with CVSs at the district level; c) the increased scale of contracts for provision harms small and medium TSOs, which need to observe the Consortium to survive; d) the Consortium still needs to couple to the local TSOs to succeed in organising provision.

Finally, in contrast with the district level, upper authority territory promotes processual coherence because the organisation of the ChangeUp at this level has been strategically designed to couple with the LAA.

To conclude, network governance in the example of partnerships studied above resembles many elements of the self-description of functionally-differentiated societies. We could call it a model of the system within the system (Ashby 1956). They too are supposed to comprise autonomous interdependent actors – and systems – and are described as hypercomplex, they too are defined as places where there is no partner in a higher hierarchical position able to steer the partnership. In them, too, the state is both one among equals and the enabler of the overall functioning of the partnership, including ensuring that the conditions for the functioning of the partnership according to its self-descriptions are in place. In them, too, TSOs have multiple descriptions being committed with the paradoxical role of cooperating in governance and observing the effects of complexity-reduction operated by governance. So it is simultaneously above and among. It is therefore easy to connect this with the part-whole paradox of the state in partnerships. The government is responsible for the functioning of the partnership but in terms of its powers it is an equal partner, so it has no capacity to steer the other partners towards the goals of the partnership. Furthermore, because partnerships fail, for reasons that were mentioned before, the state is ultimately responsible for correcting partnership failure. In a final, third-order observation, it can be seen that it is the description of equality between partners/systems that ultimately fails in face of real complexity.

Chapter 9

Conclusion

In advanced capitalist societies, network governance and the third sector are both described as a solution to the failures of both state and market governance (and community). They emerged (or re-emerged from pre-modern forms) after the crisis of the welfare state was announced and were reinforced when market solutions for societal governance were observed as failing. Lately, therefore, they have been used by the political system as a channel to displace the pressures on the state to solve society's problems by sending responsibility for their resolution back to society – a society that, paradoxically, has the political system as the guarantee of its unity.

Third sector and network governance are highly complex mechanisms because, through them, the state attempts to transfer responsibility yet remaining in control; in addition, through them, the positive contributions of all modes of coordination, which are normally seen as incompatible, are supposed to be aggregated and synthesized. All that is necessary is to organise the conditions for network governance – meta-heterarchy – and organise it at meta-metagovernance level, with other governance mechanisms (Jessop 2010). These mechanisms are so complex that, in a way, it is not even clear in what regard they are failing, which may explain why they also seem to fail in all regards as social problems persist and increase.

The discursive and material prominence gained by the third sector and governance through local partnerships poses theoretical challenges to received frameworks about welfare development (and retrenchment) as well as practical challenges for the actors involved in governing an ever-changing and complex welfare landscape. This thesis contributes to a better understanding of third sector participation in the governance of this complexity through local, strategic, multisectoral partnerships as these are affected by recent transformations in the welfare state.

The third sector and governance are far from understudied topics. There is a substantial literature that has contributed to the theoretical prominence of these objects as well as informing policies, discourses and strategies by reflexive actors in both domains. There are also some gaps, however, which this thesis identifies and seeks to fill in a preliminary way. The first gap, as diagnosed by Jessop (2010), is that mainstream theories of governance – and, we might add, most third sector studies – focus on organisations and/or policy questions. Consequently, they have largely failed to connect their important insights to broader theoretical issues. This has limited their capacity to understand governance and the third sector in the context of recent transformations of the welfare state and hence to advance our understanding of these same transformations. The second gap is that the two respective strands of literature have been developing in parallel to the detriment of building an integrative approach to the third sector in governance. In part, this has occurred, I argue, because many third sector studies (and semantics) have been too concerned to distinguish this sector from the state, thus downplaying their interdependencies. Conversely, state-centred governance theories and welfare state studies have not fully explored the distinctive contribution of the third sector to welfare governance. In practice, this separation has encouraged policy-makers and practitioners concerned with governance to adopt an instrumentalist and ill-informed perspective on the third sector and prompted a cynical and reactive attitude towards governance on the part of third sector actors. In contrast, I propose a framework which identifies the specific and constitutive role of the third sector in governance and also propose an ironic stance towards governance based on observing governance from a third sector perspective.

My alternative calls for a relational perspective on the third sector that focuses on its co-evolution with welfare state governance. The key starting point from which this perspective is developed is the unfolding dialectic between two sides of a fractally structured part-whole paradox: the state and the third sector. On the one hand, the state is itself caught in a part-whole paradox insofar as it is both one institutional order among many and charged with responsibility for the common good. On the other hand, the third sector is marked off from the state (and the market) and is expected to represent itself as a distinctive sector (posing interesting questions about the relationship between particular TSOs and the third sector as a whole) and also, in pursuing its interests, to take into account the wider common interest in effective welfare governance. The part-whole paradox is compounded (made more complex still) through the interaction of the state and the third sector. Each side of the paradox unfolds on its counter-moment and these repercussions feed back into the initial moment. This recursive dynamics has no stopping mechanism or privileged scale and, as mentioned above, there is a tangled hierarchy of part-whole relations that further complicates welfare state governance. Therefore, this thesis adopts two entry points and then combines them as re-entries of one into another, one of the state and the other of the third sector. To this end, I have developed a systems-theoretical, relational approach to the third sector and to governance combining the theoretical and conceptual tools offered by Luhmannian systems theory and the tools of the strategic-relational approach (Jessop 2008a).

This analytical and theoretical approach was developed iteratively in a movement between fieldwork and theory. I undertook an ethnographic case study of the third sector in local governance through a Local Strategic Partnership in an English district to study, at the discursive and material levels, the elements and relationships between the third sector and governance. This provided a basis for me to describe the descriptions (Luhmann 2006) of the third sector in the governance of societies that self-describe as complex. This methodological approach provided me with flexibility to extend the empirical research as adequate in time and space or correct the observations in view of the theoretical analysis.

In terms of meta-theoretical assumptions, I follow critical realism in combining ontological realism and epistemological constructivism: my thesis acknowledges both the existence of a real world and real causes *and* the limited capacity of any observer to grasp and control the world. I also adhere to the complexity and the cultural turns. Regarding complexity, I start from complexity and complexity-reduction, emphasize the self-potentiation of complexity through complexity-reduction, and ask why not everything that could happen does happen. Regarding the cultural turn, I emphasize the constitutive role of meaning in closing and opening up the world for observation, structuration and communication and, therefore, also governance. Finally, I adopt a modernist version of complexity (Geyer 2003) in my concern with the possible contributions of the third sector in governance to minimizing social problems that are created by the complexity-reduction operations in functionally-differentiated societies. I argue that the third sector is able to do this by rendering the sources and nature of these problems observable and communicable.

The concept of observation and the distinction between first-order and second-order observation intermediate the relation between the empirical and the theoretical and define my position in research. First-order observation refers to the act of making a distinction and indicating one side, leaving the other side in the blind spot; and the second-order observation refers to the observation of observation. Here I draw from sociologists like Luhmann, Baecker and Andersen, which were inspired by the mathematician Spencer-Brown and second-order cybernetics. As these authors, I use the concept of observation to consider the complexity-reduction operations implied in any operation of indication and the contingency that this leaves open – which connects to the critical realist distinction between the real and the actual (Sayer 2000) and the idea of 'contingent necessity' developed by Jessop (1982). I connect observation with the concept of governance, again drawing from sociocybernetics definition as steering or, in Luhmann's phrase, difference minimization. I focus particularly on the side of the contingency of selections and reinterpret these in terms of the possibilities that they can be (and are) observed as failures.

I built my first- and second-order observations of first- and second-order observations collected in public settings of local governance and third sector bodies and networks. My data sources for this are: interviews, public intrasectoral and multisectoral interactions, and documents produced either for internal use or for a broader audience. Because of the reliance of network governance on meetings as the space where dialogue and negotiation to reach decisions takes place, meetings were at the core of my ethnography. My second-order position as observer implied, first, the acknowledgment that any observation is always a partial observation from a specific entry point and a specific standpoint and, second, assuming, with Luhmann (2006), that the task of sociology is to study the self-descriptions of society.

The general theories on which I draw are Luhmann's systems theory and Jessop's strategic-relational approach. First, I use the concepts of systems theory such as: the consideration of meaning as the means through which the social world is opened to alternative observations (lifeworld); semantics as condensed meaning; the necessary operational closure of systems as the condition of possibility for its constitution (autopoiesis) and subsequent structural couplings (structural openness); the descriptions of the social and psychic systems and their relations; the discussions concerning the political system and the state as its self-description and the relation between the political, the societal and the social movement's systems as articulated to the welfare state; and the theory of organisation explored by Luhmann and developed by other authors (Seidl, Andersen, among others), particularly the concepts of decision and undecidability. I also use Luhmann's systems theory from a second-order level perspective, considering it as a self-description of contemporary capitalist societies as functionally-differentiated and hypercomplex. In fact, I find family resemblances in the descriptions of network governance, the TS and functionally-differentiated societies.

Following the SRA, I consider the co-constitution of structures and strategies and the evolutionary mechanism of variation, selection and retention to imply that some systems or observations are more likely to be retained than others and some are more likely to be irritated by observations of failure. I draw from the framework of governance and metagovernance particularly regarding the four main modes of governance in contemporary societies, each with its own criteria of success and failure (Jessop 2002). On this basis, I explore the possibility that first-, second- and third-order failures can be identified, and also show how the self-descriptions of three forms of coordination – state, market, community – are repeated in similar forms in the self-descriptions of the TS.

Finally, I draw from a set of more specific scientific literature, particularly on the third sector and governance, which I observe at a second-order level as societal self-descriptions. These studies explore the observations and the contradictions of dilemmas of governance and of the third sector in governance. They also contribute to the reflexivity and the reflection of these systems by informing policy and practice. I treat these theories as reflection-theories on the grounds that the distinction Luhmann (1990a) makes between scientific theories (originated in the scientific system) and reflection theories (originated in systems to support the system/environment distinction) is too sharp. For, as noted in post-disciplinary perspectives (Jessop and Sum 2001), scientific disciplines also support the operation of distinction between systems and environment. My thesis began with four questions, to which I now return:

1) The Third Sector and Third Sector Organisations are observers of systems' observations and, from their respective observations of people and systems, have the requisite variety to communicate the contingency of selections operated by systems

In this thesis I propose a systems-theoretical, relational approach to the third sector. This approach analyses the latter in terms of its co-evolution with the governance of the welfare state; and, as such, it explains my choice to focus on the self-descriptions that emerge around the concept third sector. This relational concept is useful because its semantics indicate, inter alia, three modes of coordination and governance: namely, hierarchy/command, the exchange/anarchy and solidarity/love. My thesis interprets these as the political, economic and societal system's self-descriptions of, respectively, the state, the market and the community as units capable of steering action in societal governance. I showed (Chapter 2) the family resemblances between the semantics of network governance and the TS and the descriptions of the advantages that the TS or network governance bring to overcome problems of functional differentiation due to their requisite variety.

The first three empirical chapters explored this question both in terms of the TS constituted as a governance mechanism and of individual TSOs as hybrid organisations. I argue that in both cases there is an indication of the other side, an observation of the contingency of selections that constitute systems as observers. So, the TS descriptions (of several observers) indicate it as a governance mechanism for the failures of functionally-differentiation or for the failures of specific systems – particularly of the state in welfare governance in England. As individual organisations, self-descriptions indicate the observations of people's lives and of systems failures. I argue that this is a result of their couplings (as organisations and as social self-descriptions) with the different social systems, including (a) the system of society – from where the observation of social inclusion is drawn; (b) social movements – from where the observation of systems failures or of an alternative is drawn – and the re-entry of society as alternative is made; (c) and the different functionally-differentiated systems with which TSOs interact, particularly the political system as welfare state. In its observations of the state, the third sector often supports the re-entry of society into the political system in the guise of the state as the unity of society. This occurs when it makes claims on the state in the name of society. Accordingly, the TS and TSOs are an observing mechanism of the contingency of systems' selections and the societal problems resulting from these selections.

These, I argue, cannot be described independently of the operations of other systems. Indeed, Chapter 3 clearly demonstrates this co-evolution of the semantics of the third sector along with the evolution of the welfare state as a solution – and contribution – to the latter's crisis. I showed there how the TS was discursively and materially invented by policies, reflection-theories and intermediaries. The first evidence of the part-whole paradox appears here. In a first moment,[145] the third sector is used as a mechanism to displace the paradox of the state of being responsible of the

[145] Indeed, there is a previous moment, outside the observations of this chapter and further back in time, when the state took over responsibility for welfare removing it from the exclusive control of philanthropy and charity. Even the third Beveridge report can be seen as a negotiation of responsibilities.

welfare of all. The political system achieves this by transferring part of this responsibility to the TS at the same time as it integrates it into state practices and goals by acknowledging its contribution to the public interest. However, the specific autopoiesis of the TS as an observing mechanism and its increasing relation with the state's objectives returns responsibility to the state with demands for it to solve the problems of society. Of course, as I remarked, there are other competing meanings and semantics but I emphasised those that are retained in a wider set of places. The Third Way political programme is particularly marked by these observations.

In Chapters 4 and 5, TSOs were analysed, respectively, as first- and second-order observers. As I could not access the first-order observations of TSOs, I studied them through the proxy of their self-descriptions and organisational elements because one cannot access self-reference directly. Their structures for observation (e.g., goal-related programmes, staff) and their self-descriptions indicate people's lives as what they observe and the reason why they observe – then described as users, clients, members etc., with specific problems. They self-describe as being close to people and use the semantics of 'making a difference', whatever difference that is. Because of this, there is no limit for the observations they can produce of people needs and of differences to minimize. I argue that the autopoiesis of TSOs depends on the possibility that they can control the way they observe people as their users/clients/members under the programmes that constitute these organisations as observers. The control over the observation of people has been one of the most contentious issues in the relation between state and TS. I consider this to be another expression of the part-whole paradox. Specifically, because these services are framed by the public interest through laws and supported by public money, the state demands to have control over these observations while organisations hold to their capacity to observe autonomously. This also occurs because the blind spot of these observations lies in that organisations' observations of people are also complexity-reduction operations which may not coincide – and often do not – with the goals of the systems' organisations.

As a result of observing people and of their close cooperation with the systems through which the political system produces the welfare state, there is a re-entry of the goals of other systems into the goals of third sector organisations. These can include their observations of people's aspirations, what relevant functional systems establish as goals – e.g., health, care, safety, education, income – or, again, what the available semantics of society provide – e.g., persons, citizens, communities, clients.

Therefore, TSOs identify differences to minimise regarding the integration of people in system's observations, or in the social system, and often undertake minimisation strategies observing different systems and establishing communications about people so that these can be observed by systems. Furthermore, they highlight the contingency of the system's observations of the people they brought to observation.

Organisations' autopoiesis depends on the structural conditions they have to observe, i.e., their organisational elements of staff, programs and communication channels. These elements are the place where structural couplings with other systems take place. Technologies of procurement and contracting are seen as endangering the way TSOs observe not only people, but also the political system.

As *second-order observers*, TSOs observe systems' failures and use its self-reference to observe these failures. However, beyond this – and extending the concept of hybrid – TSOs can use the observations of different systems – functional systems but also society – to observe other systems. In observations of the welfare state's organisations, TSOs indicate the limits of the programmes that operationalize the codes of the functional systems that the political system as welfare state promotes for the inclusion of the population. In the observations of the economy, TSOs – sometimes under the semantics of social enterprise – observe how the code pay/not pay and the profit goal are sources of social exclusion. These TSOs propose alternative observations in terms of an economy not subordinated primarily to the economic system codes and programmes. Community, conceived here as a self-description of society, is also observed as failing in its capacity to meet people's needs or under the observations of citizenship or of the broader national community. TSOs may propose alternative versions of the community by mixing the logic of solidarity with other systems.

2) Local strategic multisectoral partnerships are complex governance mechanisms of societies self-described as hypercomplex and, like all governance mechanisms, they are prone to fail in specific ways thereby sustaining the self-production of governance

Here, it is important to recall that we are dealing with a specific type of partnerships, designed at the metagovernance level by the national state, relying on local self-organisation and pointing to a consensus around a common good. This reinforces what I argue next. Local, strategic, multisectoral partnerships are a programme of the political system for societal governance and inserted in the project for welfare state reform. This means that the state depends on its success. However, because in partnership the state is also one equal among equals, these are also sites of tension between state projects and the projects of other actors. Yet, this cannot be managed with recourse to hierarchy or elections. Chapter 6 and, more clearly, Chapter 8 show how this is expressed in the paradox of the part-whole of the state and the unfolding of this paradox, first in the relation of the political system with the partners in governance (Chapter 6) and then in the relation between national and local government. During the fieldwork, the unfolding of this paradox became particularly visible with the adjustments demanded by a new national government framework on LSPs establishing tighter couplings between LSPs and the steering goals of the state.

My research established two important aspects of partnerships for local governance. First, they are selections of local diversity upon which an idea of agreement or consensus between autonomous, interdependent, equal partners is passed on. There is no way these partnerships can represent all the possible goals and aspirations of local actors and the national state and, therefore, they are a selection with its own contingencies and blind spots – although as seen, it tries to displace its contingency to a blind space. Therefore, the local common interest that it constructs (expressed, for instance, in strategic documents like the CS) is an imaginary common good. However, differently from other systems, these contingencies are also observed at a second-order level from inside rather than outside the partnership.

The second aspect is that the dynamics of the LSP derives from the need to deal with the contingency of its selections, which are brought to the visible side by the fact that it includes a variety of observers who observe each other and the partnership. Governance feeds itself through governance failure observations. What is specific about the observed LSP is the oscillation between different modes of governance in different moments and spaces. In addition, there is the metagovernance role of the national state. I noted that ambiguity, fluidity of structures and observations are its main features as it corrects the failures that are observed by the different systems at play.

My final remark concerns the closure of network governance. Ambiguous membership rules, channels of communication, oscillation and change, all this makes the LSP a particularly difficult system to be observed from outside and produces a particular type of closure that is difficult to be fixated for observation from an external observer. Observations of failure are 'noise' that makes it necessary for the systems to react to these observations. So, the failure that may render the LSP unable to operate as a place of mutual observation is not the mutual observations of failure, but the failure to produce observations. This may happen through unobservability. This means the failure to fail, which blocks any difference to be observed from the environment. The solution to failure is the return of the state with demands for transparency and accountability through tighter couplings to local government, as seen in Chapter 8.

Observing from a third-order level, I also connect this closure to the blind spot of the self-descriptions of hypercomplexity in network governance – multiple sectors, modes of governance roles, socio-spatial observations evoked for the continuous displacement of the paradox of complexity-reduction observations. These hypercomplexity descriptions potentiate complexity further because they are in themselves a reduction of complexity regarding the relationships that exist between the multiple self-descriptions of the world – especially, that some descriptions have more capacity to be selected and retained than others.

3) Partnerships, not the third sector, demand inclusion of the third sector variety in the political system, where the TS is simultaneously on the side of the governor and on the side of the governed, challenging TS self-descriptions

The participation of the TS in partnerships reintroduces the part-whole paradox but on the side of the TS. In participating in partnerships like the LSP, oriented to the definition of a local common good and as governance mechanism of local welfare and quality of life, the TS is simultaneously co-operating with the state on the side of the state as governor – particularly when providing services and participating in commissioning – and on the side of society when representing the local community or specific groups or issues, bringing its requisite variety to the observations of the LSP. This paradox leads to the contradictions TSOs and the TS experience in partnerships:

they are governing and observing governing, providing services and observing provision of services, operating in the economy and observing the operations of the economy. Although TSOs want to maintain variety to do both, the two observations become ultimately contradictory when they are assessed simultaneously in partnerships – e.g., rules of transparency demanding that one side is chosen, compromises with certain decisions.

Chapters 7 and 8 uncover two reasons why TSOs are needed in LSPs. First, because they provide services and are expected to play a bigger role in public services provision. Second, because TSOs supply the semantics of community to the LSP. This is needed because partnerships do not rely on local representative democracy for its legitimacy, being described as a participatory mechanism to overcome the failure of representative democracy – democracy itself also being a contested observation in LSPs. Thus, on the one hand, the partners should be 'at the table' co-ordinating services provision but, on the other hand, the TS should be representative, which complicates matters even more due to the connections between the TS and the unity of society. So, to represent this whole, the TS must be a legitimate representative, which places unique demands on representativeness and accountability on the TS. The TS is required to participate in the political system through the public sphere and make itself observable by the political system – and specially by the LSP. When network governance fails in this regard, the failure is not observed on the side of the LSP own contingent selections but displaced to the difficulties of the TS.

Therefore, at a second-order observation, what is relevant is not that partnerships fail but the fact that they are observed as failing by different observers and that this leads to new attempts at steering. Inadequate representation of the TS in partnerships justifies further governance. It is the TS that must be steered to be constituted as a partner of the LSP. I showed in Chapter 7 that the conflict with the existing self-descriptions of the local TS, standing in the position of observer of the unmarked side, along with the lack of constitution of the TS as a political partner in local governance – that the local Compact is unable to produce – contributes to the failure of mutual observation between the LSP and the TS.

The TS is allegedly a necessary partner in governance because it brings requisite variety into partnerships, but it also needs to reduce that same variety in order to be observable by the partnership. Governance through partnerships like the LSP is a challenge for the TS defined as a second-order observer, or an observer of systems' failures, because its constitutive 'other', like the state, disappears from reference. For the welfare state this could be the solution for the pressures that are put on the state to solve the problems of society if it did not need partnerships like the LSP to pursue the state projects. Therefore it comes back, as I showed in Chapter 8, with a mix of hierarchy and market to reorient LSPs towards its goals.

4) Partnerships and the third sector are embedded in particular complex socio-spatial contexts that shape structural selectivities and strategies for the constitution of particular observations

This seems quite an undisputed claim but, in the context of this thesis, it makes a difference if this difference is indicated instead of being left on the blind spot. This claim allows indicating other elements of the relationship between TS and governance in the welfare state and to open up for future research in other contexts. This explains attention to context through observing history and relations beyond the district, or beyond the LSP/TS relationship.

First of all, it exposes the relevance of the contribution of the strategic-relational approach for a systems-theoretical approach to the TS in governance. It requires that attention be paid to the contextual structures – resources, organisations, semantics – and strategies available for selection and with capacity to be retained, to what partners, themes and relations are to be selected and retained in particular partnerships in particular localities, to what are the available observations of failure and solutions to it, and to the spaces available to displace the paradox of selections.

For each specific arrangement, system and level of observation, the context is taken as determining how the part-whole paradox is manifested in the welfare state, how this unfolds in the roles of the TS in welfare governance, how these paradoxes are successively displaced, where this paradox can be displaced, and, finally, in which particular shapes it tends to return. I have shown, in this case study, that there is a trend to solve this paradox on the two sides with recourse to market mechanisms, not simply as a commodification trend – although commodification may be the outcome – but as a mechanism for the state to regain control over social relations. We have seen this in Chapters 4 and 8 in the trend for tendering, where the TS is observed as a provider competing in the market and its service relations are recodified through market technologies – fragmented, measured, assessed under cost/benefit calculation – which threaten TSOs. I described symptoms of the problems that this causes for TSOs self-descriptions of being in control of the observation of users and of the capacity of the TS to observe the unmarked side. It appeared again in Chapter 5 under the semantics of social enterprise, shifted by government under the public services delivery agenda, from alternative economic relations to privileging of market income. And it was seen again in Chapter 6, in the evolution of the LSP towards a managerial model favouring the agenda of service delivery, abandonment of the model focused on a semantics of the common good and substantial reduction of requisite variety. Finally, it was seen in Chapter 8 as it became clear that through tighter couplings with the mechanism of transfer of funds to the local authority – the LAAs –, which in turn are associated to market-type discipline of local authorities services – the Best Value regime –, LSPs and the participation of the TS in local partnerships bring economic considerations to the fore in the strategic calculations of TSOs in local governance. The concept of ecological dominance allows seeing, through the fuzziness generated by the mixes of governance modes, higher capacity that the economic system has in shaping the observations of the other systems. As in the crisis of welfare state, ecological dominance takes place because, ultimately, money is needed to provide welfare services.

Finally, the above mentioned rather obvious claim is relevant for the extension of this study to other types of welfare states, where, following Jessop (2002), one can find a coincidence between different political projects, different types of welfare state – or workfare regimes – and different modes of governance as structural selectivities and strategies privilege one mode over the others.

The English welfare state, which provided my case study, is distinctive for its liberal-residual nature (Esping-Andersen 1999) and for the subsequent neoliberal adjustments to the welfare state in crisis. This analysis focuses on a case study of a locality in England where Third Way policies of the New Labour government are observed in order to comprehend the role of the TS in the shift from government to governance. The research location entails observing local governance and the TS in a welfare state characterized as liberal, where the state ideally has a role of last resort to the solutions of the market and society and where, in addition, separations between state, market and society are observed. This is a context historically marked by policies and semantics of partnership and of handing over to the market and the community state responsibilities for welfare. The Third Way 'self-described' as a middle way between market liberalism and welfare statism. In this political project, governance through partnerships and the high profile of the TS are two of the most important distinctions from the previous government. New Labour marked its difference from the previous Conservative governments with the idea of shared governance and the expectation that the TS would play a role in several agendas and policies, in democracy and participation, in building and mobilising local communities and in delivering public services. But, if these self-descriptions of variety are coincident with the perceptions of variety in the TS, at the concrete level one sees that the inclusion of the TS in governance is problematic. Beyond the simplifying abstractions about the TS in governance, as one approaches the concrete, one finds a wider number of issues that prevent the TS to play a role it is said to play in governance. Indeed, as expressed by TSOs in one meeting, the TS is increasingly powerless. A contradictory trend of decentring through shared governance and increase of central control through the technologies of governance of NPM is observed (Geyer 2003).

In extending the study to the case of Portugal, where this type of partnerships also exists (*Rede Social*), one finds a different type of welfare state and societal arrangements, which could be described as a mix of the conservative-corporatist and liberal-residualist model, or a specific southern European regime (Andreotti et al 2001). Here, other manifestations of the welfare state paradox part-whole and its reflection in the TS can be found. Moreover, an extension to this setting will be able to test the self-description of societies as functionally-differentiated or, at least, the consideration that functional differentiation takes place in different ways.

The study of the Portuguese case will put the findings of the English case in perspective, offering a better insight into the weight of the contextual features, including the country-specific semantics of governance and the third sector.

In conclusion, my approach to the TS in governance has been motivated by the observation of the dilemmas and contradictions of this relationship, by the potentials and the pitfalls of the TS contributions to the welfare state, and by the puzzling perception that a mechanism such as network governance – which self-describes as a complex mechanism with the requisite variety to handle the complexity of functionally-differentiated societies and, therefore, improve the governability of social problems – is not observed as favouring TS participation. The contribution of the TS to governance is, I argued, to develop this requisite variety thanks to the position that organisations occupy in observing failure. Therefore, I argued for a new way to conceive failure observations, i.e., as an essential mechanism of governance. In this context, I ascribed to the TS a particular place in observing failure due to its capacity to communicate with the several systems. The TS is constituted by observing the unmarked side in the infinite potential to observe the contingency of system's selections. As soon as an observer appears, the consequences of the system's complexity-reduction become visible, even if from the viewpoint of another observer. So, I am not interested in governance failure in general but only in some types of failure. Considering that governance failure is in general a bad thing that needs to be eliminated as a first-order observation from a governance perspective, I argue that governance failure should be observed from a second-order level and this means that there will be an observer doing second-order observations of failure. Consequently, one needs to clarify who is the observer making governance failure observations and what corrections will (or should) follow from this. Finally, by considering the third-order failures – the failures of functional differentiation – and the fact that there are observers in place to do these observations and steering mechanisms to correct them, one can take a stance of requisite irony (Jessop 2003; 2010) instead of pessimism or cynicism and choose the best way to fail.

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Appendix

1. Fieldwork

Table 15 – List of interviews

Date	Description
29/09/06	Researcher (higher education institution, key informant on community sector)
05/10/06	Council seniors officer (LSP informant)
16/10/06	Researcher (higher education institution, key informant on youth sector)
13/11/06	Development workers of CVS (TS informants)
24/10/06	TSO coordinator (credit union)
29/10/06	Chief Executive of CVS
29/11/06	Council officers (partnerships informants, neighbourhood management)
12/12/06	TSO Manager (advice), member of LSP Executive, CVS Hub
15/01/07	Council officer (LSP BB)
17/01/07	TSO manager (diversity), BB coordinator, CVS Hub
22/01/07	TSO coordinator (women's organisation)
26/01/07	Researcher; (higher education institution, hey informant on social enteprise)
12/02/07	TSO manager (youth), member of Consortium
13/02/07	TSO manager (social enterprise environment), member of BB and Executive
19/02/07	TSO Manager (community organisation)
19/02/07	TSO manager (social enterprise disability)
26/02/07	Council officer, democratic services
06/03/07	TSO manager (homelessness)
13/03/07	TSO manager (addiction)
13/03/07	TSO coordinator (social services and community), CVS Hub
14/03/07	TSO manager (youth)
14/03/07	LSP coordinator
21/03/07	County council partnership officer
11/04/07	Public officer (children), chair of BB, LSP Executive
18/04/07	Coordinator of VCFS Consortium
23/04/07	Manager of ChangeUp
26/04/07	Public Officer health, Chair of BB, LSP Executive
01/05/07	TSO manager (village hall and community centre), VCS Hub
02/05/07	Business, member of BB, LSP Executive
03/05/07	TSO manager (faith group), LSP Executive
09/05/07	Councillor, LSP Chair
10/05/07	County Council Officer, relationships between council and voluntary sector
25/06/07	Public officer, chair of Older People Partnership, BB group
25/07/07	County council officer, Adult & Community Services
11/07/07	TSO Development worker (mental health), VCS Hub
24/09/07	Education manager, chair of Employability & Skills group of LSP
25/09/07	TSO Manager (advocacy)
18/10/07	TSO Manager (carers)
01/11/07	Project worker, Older People Partnership project
04/06/08	Project manager (floating support)
20/08/08	CVS CEO

Table 16 – List of meetings attended

Date	Description
01/11/2006	VCSF Launch Meeting
12/12/2006	Project meeting of the CAB
08/01/2007	Grants Group, City Council
17/01/2007	Equality and Diversity BB, Local Strategic Partnership
17/01/2007	VCS Hub Meeting
23/01/2007	Sustainability BB of Local Strategic Partnership
23/01/2007	Grants Group, City Council
09/02/2007	Social Enterprise, CVS
22/02/2007	Grants Group City Council
28/02/2007	VCS Hub Meeting
12/03/2007	LSP Executive
26/03/2007	Association of Parish Councils Meeting
28/03/2007	VCFS Forum event
29/03/2007	VCFS Consortium Conference
17/04/2007	LSP peer review
19/04/2007	Health and Wellbeing BB of Local Strategic Partnership
25/04/2007	CVS Hub meeting
02/05/2007	LSP Consultation meetings of County Council
23/05/2007	Homeless Forum, CVS
14/06/2007	Health and Wellbeing BB, Local Strategic Partnership
14/06/2007	Children & Young People BB, LSP
27/06/2007	VCS Hub Meeting
10/07/2007	LSP Executive
17/07/2007	Older People Partnership, Local Strategic Partnership
17/07/2007	VCFS Forum meeting
21/08/2007	Health and Wellbeing BB of Local Strategic Partnership
13-14/09/2007	3 meetings on Consultation on Community Strategy with VCS (in different towns)
26/09/2007	Employability & Skills Group Meeting, LSP
27/11/2007	Employability & Skills Conference (project Changing Lifes)
29/11/2007	AGM TSO
3/7/2008	AGM CVS

2. LSP Building Blocks

	LSP	Safety	Sustainability	Lifelong Learning	Health & Wellbeing	Diversity	Children & Young People	Economic Partnership
Chair	District councillor	District councillor	District councillor	Univ. member	NHS	TSO	Officer county serv.	Univ. member
Officer support	1 officer: full-time Council officer for minutes.	Officer support with partnership own resources.	District council officer		Officers from NHS	LSP grant to coord., Council officer minutes.	Officers from local authority education body.	Paid officer with partnership own resources.
Resources	2nd Homes Funding.	Government Funding.	2nd Homes Funding for projects & match funding in some.	Government Funding.	2nd Homes Fund. for projects.	2nd Homes Funding for projects.	2nd Homes Fund. for projects.	RDA funding for development, external project funding.
Origin	NRF Local Gov. Act, 2000, LSP Guidance	Crime & Disorder Act of 1998 (statutory)	Local Agenda 21 Set up in 2000 (statutory)	Countywide Learning Partnership Exist in 2001	Local health & inequalities group with few members	Council multiagency partnership changed in 2005	Condition for receipt of money by county council, 2005 (statutory)	LA & DA develop partnership parallel to LSP, since 2003
Strategy	Yes	Yes	Yes					Yes
Terms of Reference	Protocol, 2004: objectives, member rules, sector rep. chair election, remit of LSP, objectives & tasks of exec, decision arrangem., meetings, interests of members		Aims & objectives, structure, decision making, chair election, membership rules, meetings, attendance	Terms of Reference	Yes. Group tasks & responsibilities, election of chair, responsibilities of members, representation on LSP Exec, meetings	No	Objectives, vision (nat. policies), tasks, member sectors, chair election, meetings, reporting arrang. w/ LSP, admin. support	Objectives, vision, representation, structure, membership, principles of public life, members accountable, funding, spokespersons
Structure	Executive, building blocks, Wider LSP	Executive & subgroups	Executive & subgroups	Wider group & subgroups	Wider group & subgroups	Wider Group	Wider group & subgroups	Executive, subgroups, wider partnership
Subgroups or partnerships	BBs	Prolific & Priority Offenders, area action groups, Substance misuse	Food, Transport, Recycling, Wildlife, Energy	Employability, Childcare	Accident Prevention, Older People, Tobacco, Sports, Alcohol	No subgroups	Parenting, Young People Homelessness, Multiagency	Transport, Tourism Employment, Culture, Knowledge Economy, Environment. Economy,
Membership	Closed	Closed	Executive closed; subgroups open.	Open group employability	Closed, Older People group open	Closed	Closed	Open in subgroups
Publicity	FAQ description & Community Strategy in council site Minutes in meetings & minutes section of the council since 2005 No info on members, structure, protocol.	Page in county part. site describ. group, & strategy Page in district council site w/ strategy & audit No info on members. & meet.	Page in council website, including info on objectives, projects, membership, terms of reference, minutes of all the meetings, incl. subgroups.	Page in county partnership webpage. Info on terms of referen., action plan, subgroups, minutes.	No info	Minutes in council webpage in section of meetings & minutes.	No info	Own webpage with strategy document & projects. No info on membership & meetings.