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**TIM WARD**  
**FELLOW 2015**

**Meeting the challenges of leadership in  
third sector learning and skills providers**

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# ABOUT FETL

FETL is the sector's first and only independent think-tank and was conceived to offer sector colleagues the opportunity to spend time thinking, on behalf of us all, about the concerns of leadership in today's complex education and training system and to do so in order to advance knowledge and ideas for the sector's future.

As an independent charity and think-tank, FETL works to build and promote a body of knowledge, to inspire thought and to help prepare the FE and Skills sector for the challenges it faces now and in the future.

## Our vision...

...is of an FE and Skills sector that is valued and respected for:

- Innovating constantly to meet the needs of learners, communities and employers
- Preparing for the long term as well as delivering in the short term
- Sharing fresh ideas generously and informing practice with knowledge

## Our mission...

...is to provide via opportunities, research grants, Fellowships and other opportunities, building the evidence base which the FE and Skills sector needs in order to think, learn and do, to change policy and to influence practice.

## Our value proposition

We are loyal to the future, focused on developing the leadership of thinking in FE and Skills, as well as making a difference through scholarship that adds value for the sector as it moves forward.

## Our values

As an organisation we strive to be:

### Bold

We encourage new ideas to improve all aspects of FE and Skills leadership

### Valued

We are creating a body of knowledge to transform both leadership learning and learners' lives

### Expert

We use evidence, networks and resources sensibly and impartially

### Proactive

We provoke new ways of working to deliver excellence in learning within FE and Skills

### Responsible

We use our voice and assets wisely at all times

*Chief Executive – The Learning Curve  
Chair – Third Sector National Learning Alliance*

Tim Ward is Chief Executive of The Learning Curve, a not-for-profit organisation focused on workforce and organisational development in the voluntary and community sector, and Chair of the Third Sector Learning Alliance, which supports voluntary, community and social enterprise (VCSE) learning providers. He is a champion of the role of the third sector in delivering learning and skills provision, particularly for the most vulnerable and disengaged, and used his Fellowship to explore the challenges of leadership among third-sector providers and how to meet them. These are difficult times for third-sector providers, Tim explains. 'The position of third-sector providers in the publicly funded learning and skills system has been increasingly under threat. At one time, over 400 third-sector organisations held direct contracts with the Learning and Skills Council. Now there is barely 10 per cent of that number holding contracts with the Skills Funding Agency and the Education Funding Agency. Most third-sector providers now find themselves in insecure and sometimes asymmetric subcontracting relationships.'

## Report of a study by into challenges faced by chief executives of third sector learning and skills providers

### Foreword

Through the FETL fellowship programme, I was granted a valuable opportunity to take time out from my role as the Chief Executive of a charitable learning provider and Chair of an organisation championing third sector learning providers. This time enabled me to carry out a research project which allowed me to gather insights and evidence to help inform practice and policy. I have also used this as an opportunity to review and challenge my own working assumptions about third sector providers.

This report is the conclusion of the fellowship research project. It gives voice to those who work hard to reconcile their organisational mission, the needs and demands of some of the most disadvantaged in our communities with the demands of learning and skills policy and administration.

The report also describes my personal journey as my reading and research came to influence my own thinking on this topic.

I would like to thank:

- FETL for giving me the opportunity to carry out this research.
- Institute Of Education for providing academic guidance, support and facilities.
- My colleague fellows: Alex, Anne and Ruth for being a source of mutual support and help.
- Interviewees for being so generous with their time and open in their responses to my questions.
- My employer, Learning Curve, for agreeing to give me the time to devote to this study.

## Introduction

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Joining Learning Curve in 1999 opened my eyes to the energy and commitment of the people and organisations in the third sector. As one of the first third sector organisations to win a direct contract with the Learning and Skills Council (LSC), Learning Curve became part of a movement to encourage and develop the third sector contribution to the learning and skills agenda working.

This research project gave me an opportunity to investigate, and reflect upon, the current impact of third sector organisations on the national skills agenda and on their target beneficiaries and to consider whether the policy and funding context helps or hinders their particular contribution. This project has also allowed me to explore in the context of the learning and skills sector the wider debate about the role of the third sector in the delivery of public services.

## Context Analysis

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Established in 2001, the LSC represented a major change in control of Further Education in England, ending a divide between the administration of general FE in colleges and of 'work-based' training.

The Manpower Services Commission and the successor Training and Enterprise Councils (TEC) were given increased responsibility over time for work-based learning. While being used as a vehicle to influence college behaviour their direct control was limited to national programmes such as apprenticeships and Train to Gain. When TECs were replaced by the LSC, all post-16 non-advanced funding outside of schools came under a single agency (Keep 2007, p.49).

Prior to the LSC, there had been a limited number of long-established charitable providers the best-known being the Workers Educational Association. The MSC's funding of youth unemployment schemes and then apprenticeships enabled the establishment in the 80s of a number of non-profit learning providers focussing on work-based learning. However it was the LSC's opening up of the market that gave the opportunity for new third sector providers to deliver wider FE.

NIACE's Consortia+ supported this new generation including the development of 'voluntary sector learning consortia' to maximise the engagement of the voluntary sector in FE. The LSC 'Working Together' strategy (LSC 2004) was influenced by this approach and many local LSCs supported the development of local voluntary sector networks and/or consortia (Ward 2004).

However, changes in learning and skills policy priorities away from a widening participation agenda to a more economic focus starting with Agenda for Change (LSC 2005) meant that many of these developments did not reach fruition. The establishment of the Skills Funding Agency and Education Funding Agency in 2010 consolidated and continued a competitive market-based approach to the procurement of learning and skills particularly in the non-college sector. This has accelerated a trend of unfavourable changes in contracting arrangements for the third sector including rationalisation of ESF funding into larger scale contracts and the introduction of minimum contract levels. These have eroded the third sector direct contracted provider base (DBIS 2013, p.20) and severely restricted the opportunities to enter the market for all but very large scale companies.

## Literature Review

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As discussed later in the report, I focused my research question on the specific challenges faced by third sector leaders: namely

1. Whether and how third sector providers were different from other skills and learning providers;
2. How the external policy and funding environment affected their ability to achieve and maintain this uniqueness.

In my literature review, I considered the following themes related to this research question:

- What is the third sector?
- What is its role in public services?
- Learning and Skills policy in England and the role of the third sector in Learning & Skills

My use of peer-reviewed journals is limited in this literature review. This is for two reasons. Firstly there were delays in gaining access to the University Library for a considerable period after my fellowship started and so I had to rely on academic books instead. Secondly, once I had access to Journals my searches could not find any articles relating to the role of the third sector in learning and skills in England. This lack of academic research on the topic resonates with my findings that third sector CEOs believe that their contribution is largely overlooked in mainstream discourse on learning and skills.

## What is the third sector?

*"The question of defining and naming a sector is disputed ground, ... terms signify meaning and Alcock (2010a) highlights the contested field even in UK terminology of 'voluntary', 'community' and 'third' sectors which have been significantly influenced by policy trajectories"*  
(Milbourne 2013, p.5)

The term 'third sector' was in use before 1997 but came into prominence when Labour continued the market-based approach to public service known as 'New Public Management' (Lane 2000) but encouraged greater involvement of the third sector as a way of moderating the impact of possible undesirable side-effects of for-profit organisations in the delivery of public service. In 2010, the Coalition changed the name of the Office of the Third Sector to the Office for Civil Society, reflecting "a rapidly changing UK policy environment ... emphasising both community engagement and entrepreneurialism" (Milbourne 2013, p.23). The term 'third sector' is still widely used in learning and skills, perhaps reflecting that the main involvement here is in public service delivery.

Billis (2010) suggests that the three sectors (public, private and third) can be defined in terms of ideal types, and that many organisations share characteristics of more than one sector. His ideal type of third sector organisation is an association formed by members. However, I found in my research that many of the third sector organisations were the result of initiatives by one or two concerned individuals. Despite this, 'hybridity' is useful in highlighting how internal processes may be influenced by other sectors. This can result from "coercive and mimetic isomorphism" (Milbourne 2013, p.154), or because the organisation has moved from the public or private sector into the third sector. In my research I have used this concept to differentiate those organisations with third sector characteristics (e.g. charitable status) but whose aims and culture are rooted in another sector. For example, many Chambers of Commerce are registered charities but can be regarded as being part of the business sector.

## What is the role of the third sector in public services?

From the 1970s, there was a shift from a management state to an administrative state (Lane 2000). 'New Public Management' (NPM) involves 'marketisation' of public services with a shift from public law to private and contractual law (Lane 2000, p.311). The contracting-out of public services has led to new opportunities for the third sector, but this is alongside concerns about the impact of the 'contract culture' on third sector organisations.

The Panel on the Independence of the Voluntary Sector has highlighted 'gagging' clauses in public contracts and criticised attempts to limit lobbying activity of charities receiving public funding.

*"Voluntary organisations delivering public services should retain their ability to speak out about public services, not be deprived of this and turned into just another contractor, interchangeable with the private or public sector."*

(Panel on the Independence of the Voluntary Sector 2015, p.29)

Another concern is about changes forced upon individual organisations by the contract requirements of funders – "a shift towards funders cultures and ways of doing things" (Milbourne 2013, p. 41). This isomorphism is seen as "paradoxically, undermining the alternatives for which VSOs have been sought" (Milbourne 2013, p.41). However, this critique could be seen as failing to take account of the degree of agency involved in third sector decision-making.

*"It is only third-sector organisations that have the extraordinary freedom to determine what is needed, what they do in response, how they do it and whether it has a real impact."*

(Hudson 2009, p. 16)

More recently, it is suggested that perceived failures in a market approach, particularly following the 2008 financial crisis, have led to a more collaborative and relational approach.

*"The focus on strengthening relationships should be evidenced by more relational contracting which puts an emphasis on working towards common goals, promoting communication and flexibility, and developing trust rather than on narrowly meeting the terms of pre-specified 'deliverables'."*

(Phillips et. al. 2009, p.3.)

Phillips et. al. (2009) suggest that there are transition issues in the change to more relational contracting with the institutionalisation of NPM philosophy into regulations and business processes. While the change of government in 2010 brought a change in rhetoric that reflected the more relational approach e.g. as announced by Further Education Minister John Hayes in a speech in 2010 (DBIS 2010) it could be argued that the reality of political and administrative imperatives means that this change is at best partial and at worst illusory.

Keep argues that "the dominant trend within the English E&T system since the early 1980s has been the increasing power of the state—in the shape of central government—to design, control and implement policy at every level across a widening range of topics" (2006, p.48). This is in part influenced by the dominance of a neoliberal view in which "supplying more skill is one of the few things which government believes it can do to help ensure competitiveness and social justice" (Keep 2006, p. 61).

Although there has been a shift away from target setting and centralised planning in learning and skills, centralised control has been maintained by other means – e.g. controlling which qualifications can be funded (FE Week 2015a).

Although much of Keep's analysis still has relevance, the pressures of austerity policies have shifted the focus of central control. The notion of the state addressing 'market failure' that Keep highlighted has been replaced by the state abandoning all or some of its involvement in funding learning and training and concentrating on narrower strategic priorities. Outside of these priorities, companies and individuals are expected to bear all or some of the cost of training albeit it with state-subsidised loans for individuals. This trend is continuing under the new Conservative Government as can be seen in the announcement of a training levy (FE Week 2015b).

## Learning and Skills policy in England and the role of the third sector in Learning & Skills

Research into third sector involvement in learning and skills, outside of studies of community learning, seems to be confined to research or reviews sponsored by BIS or its predecessors. These have taken as their starting point that: "third sector providers play an important role in bringing disadvantaged adults and young people into learning and skills development" (LSC 2009, p.3).

A more recent study concluded that:

*"The third sector provides an important alternative option to mainstream provision for disengaged or 'hard to reach' learners...delivers to a higher proportion of female learners, people with learning difficulties and/or disabilities, black and minority ethnic (BME) groups, and people aged 65 and over... delivers high quality learning... a greater proportion of successful learning aims ...are able to operate successfully at community and sub-regional level and have a holistic approach to delivery... is able to demonstrate successful outcomes and significant impact for the learners it supports."*

(BIS 2013, p.4)

The report made a number of recommendations, but just as with the LSC Working Together Strategy in 2004, shifting government priorities have meant that impact has been limited.

## Research Questions

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Initially I planned to research the qualities and capabilities needed by third sector chief executives. However, I began to consider that a more relevant line of enquiry was why these would be different from those needed by other leaders in the skills sector. As Robson recommends that the initial setting of research questions should be considered provisional as questions can "emerge or evolve as the research proceeds" (2011, p59), I changed my focus to the specific challenges faced by third sector leaders, namely:

1. Whether and how third sector providers were different from other skills and learning providers;
2. How the external policy and funding environment affected their ability to achieve and maintain this uniqueness.

## Research Approach

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Although the FETL grant allowed me time out for this research I was still constrained by time and resources. I faced the same issues that Walford says faces all researchers: "to try as best as they can to grapple with the innumerable problems that confront them within practical, personal, financial and time constraints" (Walford 2002, p.6). I therefore had to ensure that my methods were realistic within the resource constraints.

Morgan (2013) argues that the pragmatic or mixed approach can be beneficial by bringing to bear the strengths of both quantitative and qualitative research. However, he cautions that there are practical difficulties in integrating the two approaches and therefore "any decision to combine both quantitative and qualitative methods ... should relate to the aims of the research" (Morgan 2013, p. 5).

The definition of the 'Third Sector' is a contested and complex one and using simple organisational criteria fails to capture this. It does not, for example, distinguish those with characteristics of hybrid organisations. The characteristics of third sector organisations are more qualitative than quantitative, deriving from such things as purpose, internal and external relationships, values, decisions priorities. In addition, my research was trying to "understand the world from the subject's point of view" (Kvale 2008, Preface).

I decided therefore that this required an understanding of subjective and socially constructed reality requiring a qualitative approach (Robson 2011). While I used some quantitative research to determine market share of third sector providers I applied qualitative judgements to distinguish 'third sector' and 'hybrid' organisations. Although predominantly qualitative, this was a pragmatic approach using a flexible design method (Robson 2011).

## Methods of Data Collection

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Whilst leadership is a shared responsibility and is manifest at all levels of an organisation (Varghese 2012), I chose to focus my research on Chief Executives to allow a reasonable number of interviews and better comparability in my analysis. Critically, this also enabled me to gain an understanding of how the organisation's mission / purpose and the demands of the external environment interfaced, because Chief Executives exist "on the boundary between the inside and outside of organisations" (Stanistreet 2015, p.77).

Kvale (2008) suggests that a qualitative approach using interviews would help me to understand the world from the subjects' point of view. Although, as Walford argues, "each participant's account of the world is unique" (Walford 2001, p.10) I would hope to be able find insights and understanding which had wider applicability, because I would offer an account which "can be examined critically and systematically because the means by which it was generated are clearly articulated" (Walford 2001, p.10).

I used information published by the SFA to identify third sector organisations with direct contracts or sub-contracts. This gave information about the proportion of funding going to third sector providers, and provided the population from which I would take my sample of 15 CEOs. I used a purposive sampling approach (Robson 2011) so that I interviewed people from different regions including direct contractors and subcontractors.

I also ensured that amongst my interviewees were people I had not met or worked with previously. The organisations varied in scale but all were locally or regionally-focussed. They were direct providers, pure managing agents leading a consortium of third sector providers, or a hybrid of the two.

## Methods of Data Analysis

My interview structure grouped questions into broad themes related to the research questions. This enabled me to analyse responses within these themes.

## Limitations

I was aware that my role as a practitioner in, and an advocate for, third sector providers might present a problem in validity "through imposing a framework or meaning on what is happening rather than this occurring or emerging from what you learn" (Robson 2011, p.156). I therefore used the literature review as a way of challenging my 'taken for granted' views. I also endeavoured to be reflective in my thinking and analysis to make conscious my own assumptions and tried to follow Kvale's recommendation that "the interviewer should be curious, sensitive to what is said ... and critical of his or her own presuppositions and hypotheses during the interview" (Kvale 2008, p.20). Had resources permitted, I would have liked to triangulate my findings through additional sources as a way of increasing rigour (Robson 2011, p.158). Another limitation was not being able to extend the interviewee sample to include Chief Executives of other types of providers. This meant that I was not able to test third sector CEOs comparative perceptions of their distinctiveness with the perceptions shared by leaders in other types of providers.

## Ethical Considerations

The research was subject to an ethical review by IOE. Participants were advised that their participation was voluntary and anonymous. This avoided any potential embarrassment or damage to their business.

## Findings & Discussion

### Scale of third sector participation in funded learning and skills

Based on the published data for the 2014/15 funding period (Skills Funding Agency 2015) there are 62 third sector providers with direct contracts with the SFA, a reduction from 518 in 2008 (DBIS 2013). There are a further 183 third sector providers with subcontracts totalling more than £100,000.

SFA information shows that in 2014/15 3% of direct SFA funding and 8.8% of subcontracting funding went to third sector providers. The SFA only collects data on organisations with subcontracts over £100,000, so excludes the many third sector providers who have smaller contracts. There has been an 88% reduction in direct-contracted third sector providers since 2008 as the SFA and EFA moved to fewer and larger scale contracts.

### Distinctive contribution of third sector providers

In my interviews all the CEOs agreed that there was a differentiation between third sector and other providers and that this made them more successful with disadvantaged groups and individuals.

*"We serve the local community, particularly those who are disadvantaged. 30% of our people have no formal qualifications."*

Many said that they aimed to provide a safe and friendly environment, because clients had negative associations with formal education; lacked the confidence to join courses at larger institutions; or had behaviour/attitudes that were not acceptable in the mainstream. Several also talked about creating a 'sense of family'.

*"I've tried to build up the organisation's ethos and ... be the warm friendly face. We're not school face, college face, we don't look and feel like that."*

*"Staff are professional and well-qualified but also have the ability to really love these kids".*

Interviewees saw themselves as being 'person and passion-driven'. This sense of purpose and focussing on individual need was something that came across in all the interviews even when it was not being explicitly articulated. A common theme was that their organisation had been set up to meet need not being addressed elsewhere.

*"We wanted to set up the best provision language school for them to help them (refugees) to help them communicate and learn to communicate, be part of the community."*

All the interviewees emphasised that they had an approach which considered the wider welfare and well-being of the learner. For example, one provider had arranged for a foodbank to set up in their centre and also encouraged learners to access practical support via the local church.

*"So it's more than just teaching. It's helping them to retain their dignity."*

*"You've got to be able to roll your sleeves up and get elbow-deep in all their crap, because they have a lot of crap that they are dealing with every day... we bring in counsellors who work one-to-one with young people who struggle."*

Another provider who trained women for non-traditional occupations saw their role as going beyond just enabling skills acquisition and extending to influencing employers and the workplace to make it easier for women to succeed in male-dominated work environments.

There was an emphasis on having smaller classes and responding more flexibly to individual needs.

*"One of our construction learners faced difficulties in attending because she had a child who had ADHT and sometimes life was tough. But we were able to change her hours to support her to get her qualifications. That's what you're able to do; you're able to gear things to individual needs."*

Interviewees acknowledged that some of these characteristics could be found in other sectors. There was a general consensus however that larger institutions such as colleges tended to be less flexible and more system-based. There was also a belief that private providers over-riding concern was profit, and that this detracted from their willingness to add value or reinvest unlike third sector providers. There was also a view that private providers' commitment to a community or disadvantaged group was contingent on the availability of funding. As one interviewee put it, they were "Astroturf rather than grassroots".

There were two interesting issues raised in the context of my interviews which linked to my own reflections on whether these

strengths were intrinsic to organisations with a third sector constitution rather than deriving from a mission and set of values.

Firstly, interviewees expressed concern about the behaviour of some third sector organisations who they believed to be pursuing organisational self-interest. There was also concern about 'entryism' into the sector by other providers setting up third sector subsidiaries to gain access to funding and other benefits.

One interviewee did not believe that the distinctiveness was exclusive to the third sector. This person saw it as a function of the values and attitudes of the organisation and its leadership, quoting an example in the private sector where "*the chief executive's just got a real passion for developing young people... and you can see that; it's almost tangible.*"

Although this was not a view shared by others, many respondents did emphasise the role of values and mission, rather than organisational form, stating that "*it's entrenched in what you do, and you can tell it in the people you meet with.*"

## **Impact of policy and administration on third sector providers**

*"Government recognises the wide-ranging role of third sector organisations as employers, partners and promoters of learning and as advocates of those who are excluded and disadvantaged. This unique contribution is vital to the success of our agenda for learning and skills."*

*(BIS 2013, p.3)*

Despite government statements like this, interviewees mostly believed that skills policy, administration and funding had a negative impact on their ability to meet the needs of disadvantaged learners. Policy changes such as the emphasis on apprenticeships and the GCSE Maths & English requirements were seen as making it more difficult to respond to the needs of many of their learners, reduce opportunities to progress and also making it more difficult to give them training that local employers wanted.

*"Even when you are picking people up and helping them, then there's an even bigger gap than what there used to be in terms of moving on to something like, you know, an apprenticeship."*

All of the interviewees expressed concern that some administrative and funding changes had a negative impact. Centrally controlled qualification approval and its link to funding was cited as a particular issue.

*"There's a tension between what's funded and what's needed, it's a constant battle."*

The unilateral decision to move many third sector providers with Adult Skills Budget contracts from a profile payment system to payments on actual was cited as an example of a change that had serious impacts in terms of cash-flow and had introduced risk and uncertainty into the system.

*"I can't start courses in August to make sure that I have an income for September."*

There was a general view that their ability to respond to need had been further constrained by the centralisation of decision-making by the SFA and EFA which had introduced rigidity into the system and reduced the system's understanding of, and support for, the specialist work carried out by third sector organisations with the most disadvantaged.

Although interviewees were more than happy to locate their activity within overall government policy, increasing centralisation of policy development was seen as a real threat to their work with the most disadvantaged.

*"I would say that we're meeting the government priorities of helping long-term people back into work. There's a massive economic argument that that is going to reduce benefit spending and reduce people's complex needs."*

Interviewees believed that decision-makers were working with incomplete or flawed models of the FE sector that did not take account of the diversity of provision.

*"They are giving money to a whole sector that they have no real knowledge of. That's a shame."*

There was also exasperation at the way policy priorities waxed and waned based on external events or apparent ministerial 'whims'. One interviewee noted that although: "when there were the riots...it was identified that we could do something to sort something out..." the current emphasis on the industrial strategy meant that policy attention had shifted away from such social inclusion issues.

## How the third sector responded to these challenges

In my interviews, I identified a number of strategies aimed at addressing these challenges. There was a resistance to simply following the latest priorities.

*"We're using the system to get the results that we want; it's about using the system rather than obeying the system."*

However, one strategy was to comply or accommodate changes in administration or policy to some extent. For example, network organisations had reduced the range of third sector organisations

involved in their consortium delivery, to reduce the risk of not meeting performance or other criteria. Others had changed their curriculum to try and maintain funding for their work or moved provision to the most suitable funding for the activity or need, for example using ESF Community Grants to support smaller third sector organisations providing first step engagement.

*"We have to be really careful about what we can offer in terms of adult learning, because it has to be fundable...but we're looking at a dwindling catalogue..."*

Organisations would also use other resources to enable them to meet needs not met by SFA/EFA mainstream funding. Sometimes it was about using volunteers or just meeting the need without funding.

*"We're doing a lot of work that we don't get paid for and we're relying on volunteers to carry the weight of some of the stuff that we're doing."*

Interviewees frequently referred to the difficulty in maintaining the balance between 'business' – particularly balancing the books - and mission.

*"The balance of the see-saw is you achieving your mission and you actually paying for it. There are times though when your mission sort of takes over and then you suddenly realise you need money."*

It was noticeable that interviewees had different views of how to strike this balance. Some talked about the need to generate funds to survive otherwise the mission could not be delivered. Others placed more emphasis on not going "*after the money at the expense of the mission*." One respondent stated that "*I kind of take the view that if it (funding) is not compatible with what we have to do, we'd be better closing down*".

There was some evidence of isomorphic changes with most respondents referring to changes in internal processes or decision-making as a result of pressures from funders or the demands of a more competitive funding environment. However, all presented this as an active and conscious decision. For example, one respondent talked about 'mimicking' other types of providers. Also there was movement in more than one direction. One interviewee acknowledged that they had shed some of their wider community roles and focussed more on contract delivery. However another had moved away from skills contracts and stated that "*I personally feel that we are far more like a charity now than we were ten years ago.*"

One response to the centralisation of skills policy was an increased emphasis on lobbying and influencing of politicians. This was mentioned by several leaders, some of whom were taking this approach up for the first time.

## Discussion and Conclusions

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I found it inspiring to see the richness and variety of activities amongst the 15 organisations that I visited. They all had a commitment to meeting the needs of disadvantaged learners. While their work served the wider public purpose of supporting disengaged and excluded individuals to improve their lives and gain employment, the message was that this was often done despite, rather than because of skills policy and funding administration.

Despite their tenacity and adaptability, there is a risk of continuing decline in third sector involvement in the skills system, to the detriment of the needs of the most vulnerable. As one interviewee put it: if third sector providers can no longer continue: *"those people will still exist with those same problems, so it will impinge on society and the economy anyway."*

The distinctiveness that enables third sector organisations to effectively meet these needs derives from values, mission and organisational capabilities. It should be acknowledged that these can exist in other types of providers but the structures and missions of third sector organisations are seemingly more likely to nurture these assets. It is also important to acknowledge that not all third sector organisations have these characteristics, because of isomorphism, hybridisation or poor leadership.

There are administrative decisions which are having a negative effect on third sector organisations, mainly derived from treating them as purely private organisations and not acknowledging the level of public accountability. There has therefore been a tendency to load more contract risk on them and not to support investment in their capacity compared to colleges and other public bodies.

The increased centralisation of skills policy described by Keep (2006) is not of itself a barrier to creating an environment in which third sector organisations can deliver a specialist and necessary service which benefits not only individuals but also the wider society including employers and businesses. However, it will be a barrier if the models used by administrators and policy-makers to understand and define the skills system fail to acknowledge the diversity of aims and needs contained within it.

The leaders that I spoke to did not believe that the needs of those they served were properly understood, and that they were unable to make themselves heard amongst the dominant voices of the main provider groups.

## Recommendations

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In the preface, I talked about the journey that I travelled during this research. This led to me re-defining the problem that I was considering. My research has helped me realise that it is the work with disadvantaged learners carried out by third sector organisations and not the organisational form that should form the framework for understanding and enabling the contribution of third sector providers. It has also highlighted that third sector leaders believe that current modelling of the skills sector by key stakeholders discounts and inhibits their contribution.

My key recommendation therefore is that there is a reconsideration of the models used by all of us, but particularly policy makers, to re-envise the 'FE system' in a way that can accommodate and sustain the work with the most disadvantaged that the leaders that I have interviewed are working hard to sustain and improve. My conclusion from my research is that the FE system is best considered as an ecological system with the shape of the sector being formed by ongoing interdependence and interaction between the elements of the system at all levels. I have elaborated more on this argument in a FETL blog (Ward 2015). Current accounts and descriptions of the FE system tend to either be based on an idealised model and/or be from a particular perspective. I would recommend that FETL, which would be an impartial party in this context, consider a more empirical study of the actual shape of the FE Sector.

Alongside this I would recommend that SFA and EFA give fresh consideration to how third sector providers are situated within the funding system to give better support and recognition of their distinctiveness and public accountability.

## Future Research

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This investigation has raised more questions for me which I would recommend are considered for future research:

- 1.** As mentioned above, investigation of the publicly funded skills system as it works in practice to ensure that all aspects of the work is captured and understood.
- 2.** Some comparative research triangulating my findings and considering if the characterisations of the different types of provider described in my interviews have validity.
- 3.** More work to identify the characteristics, value systems and behaviour which enable third sector organisations in particular to work successfully with the most disadvantaged groups and individuals.

## Dissemination, Wider Impact of the Study

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I hope that this research report will help inform thinking about the shape of the FE system and the role of specialist third sector providers within it. I and other colleagues in the Third Sector National Learning Alliance will use this research in our advocacy and support role for the third sector.

The project also raised wider questions about how best to address the needs of disadvantaged learners and about the 'on-the-ground' realities of the FE system. I would urge that these issues are explored more fully in future research.

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