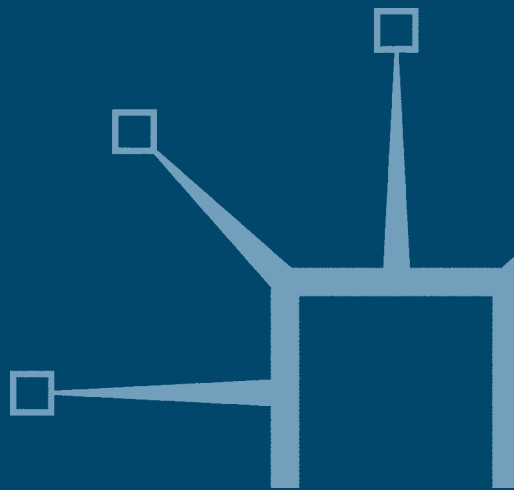


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The Theory and Practice of Local Governance and Economic Development

Edited by
Mark Considine and Sylvain Giguère



The Theory and Practice of Local Governance and Economic Development

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The Theory and Practice of Local Governance and Economic Development

Edited by

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The University of Melbourne, Australia

and

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Preface

It is not unusual to uncover gaps between theory and practice in modern society – from the field of economics to peace negotiations. Sometimes the gap arises from the complexity of a given problem, which makes the application of any theory unstable. In other cases, the cause lies with individual solutions that are unable to make themselves heard above the din of theoretical dispute or the competing expectations of stakeholders.

On the subject addressed by this book it would be surprising not to find such a gap. Governance, network and partnership are concepts that were introduced into public debate barely 30 years ago, and are still not fully understood in the same way by all. What is more, academics and practitioners have come to attribute different meanings to these concepts, producing serious implications on the ground. In this area, as in many others, it is practice that has led the way, not theory, opening up new subjects for academic research. However, several decades after the emergence of these new themes, practice is still left unsupported by science. Increasingly, new developments are occurring in the open space that surrounds public policy – between government and other stakeholders – whose purposes go well beyond the principal subjects of existing research paradigms. What academia should offer is not only an evaluation of the various instruments being used, but what role an enhanced structure of local governance can play in ensuring that society's new and emerging needs are met.

This book suggests new avenues for reconciling theory and practice and provides concrete advice to those involved in supporting, working in and learning from partnerships on the ground. The decision to pursue this research was made during a conference that we organised in Australia on 25–27 September 2006¹, which attracted 600 people from three continents and generated 200 papers from both the scientific and practitioner communities. The discussions held there convinced us of the need to change the way we currently think about governance and partnership. This volume includes a number of selected peer-reviewed papers which we feel best represent the main thrusts and most important innovations within the debate and which have also inspired some additional studies.

¹ 'Government and Communities in Partnerships: From Theory to Practice', Melbourne Park, Victoria, Australia, 25–27 September 2006. The event was organised by the Centre for Public Policy at the University of Melbourne in collaboration with the OECD LEED Programme, the government of Victoria and *The Age* newspaper.

We are indebted to the contributors to this volume for taking the time and effort to engage in this project. We also very much appreciated the help from the anonymous peer reviewers of these papers. In addition we would like to thank Francesca Froy, who provided comments on various parts of this volume; Kathleen Asjes, who helped prepare the manuscript; and the staff at Palgrave Macmillan for their support throughout.

It is our hope that this book will help both the scientific and practitioner communities, and set theory and practice onto a new path of convergence.

Mark Considine and Sylvain Giguère

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Maura Adshead is a Senior Lecturer in the Department of Politics and Public Administration at the University of Limerick. She has published articles on Irish politics and policy, and is the author of *Developing European Regions?* (Ashgate, 2002) and co-editor (with Michelle Millar) of *Public Administration and Public Policy in Ireland: Theory and Methods* (Routledge, 2003) and (with Peadar Kirby and Michelle Millar) *Contesting the State: Lessons from the Irish Case* (Manchester University Press, 2008).

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Partnership and Public Policy: The Importance of Bridging Theory and Practice

Sylvain Giguère and Mark Considine

The partnership concept: A permanent phenomenon?

When it first appeared, partnership seemed to be a temporary phenomenon on the margins of public policy. For some time, it was mainly associated with tackling severe local problems, and many assumed it would disappear once prosperity returned. Later it became associated with ‘public–private’ infrastructure contracts before being used more widely as an institutional framework for engaging multiple stakeholders in on-going forms of shared responsibility. Now we recognise that this is a phenomenon whose moment has come and whose attractiveness to policy makers is unlikely to diminish so long as complex problems demand critical responses.

‘Partnership’ has emerged as a standard feature of policy and decision-making on various levels. For instance, throughout the industrialised world, it is not unusual during cabinet discussions preceding the launch of a new programme to hear a minister raising the possibility of involving a network of area-based partnerships in the implementation process. Likewise, at local level, those involved in economic or social development (e.g. civil servants, chamber of commerce or NGO representatives) are more likely than not to see each other to discuss local problems at partnership meetings at the town hall, or in the offices of a locally empowered partnership board.

Partnerships take various forms and deal with a range of issues – economic development, employment, social cohesion, environment etc. – depending on the context. They typically gather representatives from the public, private and civil society sectors, often relying on voluntary participation and mutual agreement. They are in some cases semi-institutionalised and benefit from government support.

In today’s network society, political and social scientists have long extolled the virtues of collaborative spaces where responsibility for decision-making can be shared among a number of actors evolving in a state of interdependence. The area-based partnerships that have recently emerged come close to this. While globalisation tends towards uniformity, partnership is a

means for societies to formulate specific local objectives and try to reach them. Local economies can take various different paths towards raising their prosperity and living standards in a manner which is consistent with the functioning of the global market. As we suggest in Chapters 2 and 3 of this book, partnerships help local actors to select the right path, and the cumulative impact is a global economy that respects local identities and local characteristics.

The partnership concept thus corresponds to both an ideal nurtured by visionaries and a reality on the ground, becoming a common way of working to implement policies and projects at different levels of society. And yet the concept is not yet supported by a sound theoretical framework. This creates problems for governments and practitioners alike – and a significant number of misunderstandings.

Partnerships have been evolving in diverse and sometimes unpredictable ways. They have been established, widely copied and then consolidated in countries and regions, later to be eliminated in some of them. The establishment – or not – of a partnership can hardly be explained by differences in perceived needs for better governance or by the existence or absence of traditions for co-operation and consultation. The main determinant rather appears to be the capacity for stakeholders (from civil society, or business, or even the public service) to propose a form of governance that can meet a government objective. In turn, the support of government has provided partnerships with a *de facto* legitimacy that has made up for their lack of clear theoretical underpinnings.

Yet this legitimacy has often been short-lived, as the elimination of partnerships in some countries suggests. Legitimacy has also been exploited in some cases by government to launch reforms, such as welfare-to-work programmes, which were felt to be particularly sensitive. In the United Kingdom, for example, new programmes have often been implemented through a dedicated network of partnerships created with the purpose of stimulating their uptake in the local community. These partnerships have unavoidably gained a top-down reputation and contributed to the plethora of partnership structures that exist today. This type of government approach may have undermined the legitimacy of partnerships as authentic platforms where different approaches can be reconciled around a shared local objective.

It is urgent to fill this theoretical void. In the absence of a clear analytical framework, it is hard for analysts to assess the performance of partnerships and compare this with other forms of governance, or with the absence of any structured form of governance. And without a proper place in policy frameworks, partnership is likely to be under-utilised, or utilised wrongly. If partnership is a useful governance institution for helping enhance living standards and prosperity in globalised, knowledge-based economy, this would represent a missed opportunity.

It is the goal of the book to address and correct this situation. It does not claim to provide a single theory that will fill the gap. But it intends to help reconcile theory and practice, with useful lessons for both.

A theoretical void

Among both practitioners and observers the analytical framework for assessing policy implementation by government is largely informed by one central concern – that of making specific policies as effective as possible.

Policies and programmes are valued in terms of their performance in attaining their stated objectives. Once government has defined a policy goal, say to produce a public good or correct a market failure, the most appropriate policies and programmes are identified to achieve it. For example, government delivers healthcare because the private sector is unable to cover all needs in society, and provides employment services to ensure that labour markets are efficient in matching jobseekers with business needs. The health and labour market policies that are designed must be as effective as possible, i.e. they should attain their goals quickly without generating excessive deadweight loss, substitution or displacement effects.

Against this background, policy analysts have recognised the role of different kinds of institutions in making policies and programmes more effective in various circumstances. For example, it may be possible to enhance the effectiveness of labour market policy by privatising or contracting out a range of employment services, such as brokerage, counselling and training services. Part of the healthcare sector can also be opened to the private sector on the same grounds. Likewise it may be possible to increase the chances of success for urban regeneration projects by establishing public-private partnerships (PPPs).

For public, private and civil-society partnerships that *voluntarily* pursue a range of objectives together, however, effectiveness is typically not the only key goal. A partnership may well have a positive impact on the effectiveness of programmes it is involved in. In fact a bulk of international evidence shows that partnerships have helped to stimulate the uptake of programmes locally, thanks to their connections with target groups. Governments also justify the use of partnerships via their impact on the effectiveness of programmes. But partnerships may equally have an adverse effect on policy efficiency.

Highlighting and addressing policy conflicts

That decision-making can be a lengthier process when done in partnership is well known. But misunderstandings as to the expected outcomes of partnerships go further. The very purpose of partnerships is to take an *integrated* approach to specific issues, or to take into account the various dimensions of a particular problem in order to suggest and promote the best possible

overall solutions. Such solutions may have implications for the implementation of other public programmes, and of private or voluntary sector projects, for which the recommendation may be to divert, postpone or reorient activities. Proposals may include refraining from using some programmes in certain circumstances.

For example, it may be logical for a partnership to propose a reduction in the extent to which the employment services link a certain category of jobseekers to low-skilled job vacancies, suggesting that they promote investment in their further education instead. This would be an optimal response to a situation whereby current investment plans are expected to bring jobs with relatively good pay and career prospects, for which the category of workers concerned would be suitable given further training. In the absence of this type of up-skilling, workers might need to be attracted from elsewhere, particularly in the case of tight labour markets. Meanwhile the low-skilled job vacancies made available in the process might represent a useful opportunity to insert other harder-to-reach groups into the labour market.

In this particular case, refraining from using placement options seems to be a mutually beneficial arrangement, especially in times where wages stagnate and jobs precariousness is on the rise. It also represents a mechanism for correcting the 'low-skills equilibrium' in which many countries and regions are trapped, owing to an under-investment in the education and training of local job seekers, which produces a labour force that is less attractive to investment flows that require higher qualified workers. However such a solution also represents a reduction in the efficiency of labour markets as long as lower skilled job vacancies are not filled, so the labour market is technically less efficient. More spending on vocational training also reduces the total cost efficiency of public policy.

Likewise it may be rational for a partnership to stop the implementation of an economic development project that would only bring low-skilled jobs into the area if this goes against a local strategy established to create higher-skilled jobs with the land and physical infrastructures available. Wealth creation in the long run is tied to skills, and when land and facilities are scarce, decisions must be taken with great care. Sound though such a decision might be, it nonetheless conflicts with the objective pursued by many local stakeholders to attract capital and stimulate sustainable economic development.

That partnership is only a way to enhance specific policy effectiveness is thus a false pretence. Area-based partnerships look at a set of potential actions, projects and programmes and try to see how they can be best used to achieve a common, overarching objective. This perspective may result in a particular programme or action not being fully achieved locally. Such a result may be difficult for public actors to defend – and be a source of conflict.

A framework for analysis

One of the reasons why social and political scientists have failed to grasp in a meaningful way the concept of partnership is that they have principally focused their attention on specific problems of policy implementation and the decision-making process, not on changes in economic and social needs in economies faced with restructuring and globalisation. The analysis of networks in political science and sociology commenced decades ago. The more it progressed the more it incorporated complex elements observed on the ground and nurtured competing views, from the elitist, corporatist and pluralist debate to the continuum of policy networks that ranges from policy communities to issue networks, to the present discussions over deliberative policy and the democratic anchorage of networks (Considine, 2005). This literature thus concentrated on digesting the sophisticated nature of networks and organising it in a compelling way, generating typologies and describing successive generations of structures. In this perspective, there is little difference in nature between a network dealing with the management of a specific policy area and a wider collaborative agreement addressing the future of the local economy. The difference can be seen purely in terms of the structure of the collaboration, i.e. the members involved, the funding relationships, the policies concerned, the democratic linkages etc. But in taking such a perspective, the essence of broader collaborative structures is often lost.

Indeed the difference between sector-based collaborative networks and broader partnerships is significant when an economic or outcome-based perspective is taken. Partnerships emerge not just because some issues are now addressed through a network approach where responsibility is shared, or because a common pool resource requires joined-up management. They also emerge because new goals are being set for which nobody has responsibility. Globalisation poses not only new challenges but new needs, which call for the establishment of new goals, for which no institutional structures yet exist. Social and economic development in a globalised economy requires solutions which are not provided by governments, nor the established networks around them.

Although these views of networks and partnerships can be seen as two sides of the same coin, they have different analytical implications. From the *need* point of view, structures are not interesting as such. A partnership of a given type is only one way to attain a shared goal in a given context. What is more pressing is to understand what must be done to meet the goals and needs defined locally and how this can be reconciled with the national governance framework. For new goals and needs to be addressed, policies and actions that have no obvious linkages to one another, and for which the responsible stakeholders have no established relationship whatsoever, may now need to be adjusted. Such adjustment would also have implications for how national policy goals are achieved.

This adjustment process is at the core of the partnership concept, and is the challenging dimension that the field of economics currently fails to grasp. In a whole-of-government, integrated and place-based perspective, not all government policies and programmes need to be performed with maximum effect. And this has analytical implications which social scientists have not been able to address within their more narrow perspective on network governance. These governance challenges go beyond the management of networks, to the management of policy trade-offs and locally informed adjustments of national programmes.

This book begins by exploring the role and potential of partnerships as both steering and learning institutions (Considine in Chapter 2). Not only does this require us to have a clear method for stating our policy delivery expectations of partnerships, it also directs attention to their capacity to broker significant change among existing institutions with longer term implications. Much of social and economic theory in this field rests upon expectations that such institutions (including those which support bureaucracies and firms) are embedded, inert or path dependent. These conditions help explain both the long-term success of some societies and regions together with the habitual failures of their neighbours. Considine explores and develops the analytical tools needed to assess whether partnerships can play a part in more systemic forms of institutional change in these circumstances.

Then, in order to be able to analyse the role of partnerships and other forms of governance properly in regard to the current challenges offered by globalisation, in Chapter 3 Giguère takes the concept of governance as a starting point and suggests that it should be looked at from an outcome-based perspective. Governance, as is widely accepted, goes beyond what is entailed in the concept of government. It includes the whole set of actions carried out by all actors in society (government, business, civil society etc.) and is about the ways that such actors collaborate to solve society's problems. The question for us then is how should governance be shaped at different levels if it is to facilitate the promotion of objectives of increased prosperity and living standards. In a context of interdependence, what should be the characteristics of governance, to be embedded by partnerships or any other type of governing structure, that would help society formulate and pursue economic and social development objectives?

To obtain this conceptual framework, Giguère derives from the problem of economic growth a set of governance factors that link directly with prosperity and living standards at the local level, and which are also consistent with national policy goals and hence the analytical framework for policy – co-ordination, local adaptation and participation. If one can find tools of governance which can promote these factors, then one should also be able to promote national economic growth. This can then provide benchmarks for the assessment and comparison of the various tools for improving

governance that exist: partnerships, but also decentralisation, devolution, tripartism and so on. In this light, the critical analysis of partnership and governance tools also becomes easier and the risk of complacency in the government approach to partnership and governance is reduced.

The remaining chapters of the book use this general framework to examine the various dimensions of partnership work, each time comparing the perspectives of researchers and practitioners and drawing on concrete case studies. We have attempted to cover a range of different country experiences and while this is not a representative sample of international work in the partnership field, it is certainly an indicative cross section of leading cases.

From ideals to realities

What can partnerships do and not do? In addition to providing a tool for local and national policy adjustment as elaborated above, the more immediate success of partnerships depends on their capacity to provide case-by-case solutions to the barriers faced at the local level. In achieving these solutions, partners may face fundamental rigidities in policy management frameworks which prevent their acting as freely as they would like to initiate change. However, in some cases, these difficulties can be overcome through the quality of human resources, talents in project management, and high degrees of leadership and civic entrepreneurship. Capacity building, a phrase over-utilised in community development circles in the 1980s, has actually gained more popularity over the past years rather than going out of fashion. As we showed in Chapter 2, the human dimension of governance is central and can make the difference between success and failure in today's strategies for economic and social development.

Mandell explores in Chapter 4 the very different ways in which collaborative arrangements can be framed, including as partnerships. She uses two case studies from the United States to see whether the gap between the ideals and realities of collaboration can be closed through building capacity. A conceptual leap is required in some cases for partnership actors to understand their potential role in vertical and horizontal management arrangements, and act accordingly. These actors must identify new ways to operate in dealing with complex problems and this may mean taking risks. A long time frame is needed upfront to allow participants to develop new ways of behaving and to manage this element of risk. Limerick and Yeatman examine the case of a partnership in an Aboriginal community of Australia in Chapter 5 and provide further evidence on the range of capacities that are required. The case of the Yarrabah Council is eloquent regarding the need for partnerships to be perceived as useful by government partners. Government must be convinced that the partnership exercise, deemed so important by the local community, is also in their interest. Partnership managers and community representatives must therefore have the skills and capacities to engage with government representatives in a fruitful way and

jointly identify mutual benefit. But capacity building should not stop there: the government itself needs then to build its own capacities in order to properly 'play the game'.

From top-down to bottom-up

Clearly, government must be willing to be led as much as to lead. In fact, one important expected outcome of partnership working is the formulation and implementation of local proposals that can give orientation to national (and regional) policies and programmes. But to what extent is this at all realistic? A huge obstacle lies in the way: vertical accountability, which is the fundamental feature of modern public management. When efficiency in service delivery is a central priority, little room for manoeuvre is allowed in the management of programmes. In a typical management by objectives framework, local public service officers are evaluated on the progress they make in achieving local targets set higher up. Yet, giving proper orientations to programmes is the aspect of the local partnership process that perhaps matters most when it comes to providing integrated and effective solutions to complex local problems. Local problems often require a strategic approach, which may mean a reorientation of policies at local level.

Geddes illustrates in Chapter 6 the difficulty in achieving such outcomes. His examination of the experiences of the Local Strategic Partnerships and New Deal for Communities in England leads to the conclusion that governments find it difficult to operate within an authentic partnership framework. In the UK case these partnerships have been supported by the Blair Government and given important responsibilities. Yet, they have seen themselves increasingly subject to the same accountability rules as any traditional service delivery agency – which they are not. Geddes provides a critical reading of the way such traditions can threaten the success of these kinds of systematic local co-ordinated action.

In Chapter 7, O'Toole and MacNab continue this theme of government habits and practices and their study confirms the often limiting role that can be played by central guidelines. Their comparison of the performances of partnerships in Scotland and Victoria (Australia) emphasises the constraints created by hierarchical forms of accountability, regulation, inspection and performance management on the achievement of mutually beneficial outcomes locally. The authors identify the need to empower civil servants that are responsive to local concerns and needs. A local accountability relationship would help further adapt central government policy to local priorities.

From silo to cross-cutting

The establishment of local accountability relationships (local service delivery agents being subject to scrutiny by business and elected politicians for

example) may contribute to making central government aware of local needs. Yet more may need to be done to reconcile national policy goals and local priorities. Another central issue on the 'governance wish list' is a move from the silo approach taken by government to a more cross-cutting way of working. There are obvious obstacles to this, and among them is the need to provide services in an effective and cost-efficient way. Policy effectiveness calls for clear policy goals to be translated into specific objectives and in turn into precise targets to be achieved in a finite time frame by service providers according to a set of rules, terms and conditions. As a result, when partnerships seek to bring together officials from different sectors, they often find that officials are working to very different targets and have different operational styles, limiting their ability to work together towards a common objective. As shown in Chapter 3, policy co-ordination is indeed the area where partnerships make the least impact, while they perform better in the involvement of business and civil society in strategic planning, for example.

In approaching this issue, Reid assesses in Chapter 8 the recent developments in New Zealand where the goal has been to achieve a better co-ordination between government departments at local level and a clearer role for municipal government. He emphasises the lack of delegation to regional and local offices in coming to agreements on projects or spending. The author identifies other complications, such as conflicting jurisdictional boundaries, uneven representation between government, business and civil society at local level and various tensions associated with central government agencies simultaneously engaging with a great number of localities. As a solution he identifies a potential way to add more flexibility to policy management through requiring government departments to report annually on collaborative work carried out by government departments towards locally defined outcomes. In Chapter 9, Considine and Hart examine the joined-up solutions developed by a partnership focused on integrating homeless young people into employment. They identify that the rigidity in policy implementation is often felt more at the level of middle management, between upper management and service delivery. Middle managers in the regions often resist the adaptations necessary to achieve joined-up policy, perhaps because their performance is more directly associated with the achievement of specific programme targets. It is thus at this level that more flexibility might have most direct impact. This could be achieved by requiring middle managers to engage in discussion with local stakeholders as well as upper management on their annual targets.

From output results to governance outcomes

In the absence of a clear and suitable theoretical framework, partnerships throughout the OECD struggle to justify their existence by reporting policy output results, such as the number of jobs created, or the number of

enterprises started up and supported. While there is nothing wrong with the tendency to focus most effort on projects and specific outcomes for target groups, the value of improved local governance is in its longer term the transformation of policies and relationships. As Considine and Hart recall in their chapter, unless that ambition is clearly articulated in each partnership agreement, and actions devised to make this possible, the welter of project deadlines and funding targets will usually push governance improvements to the back of the agenda. Once partnerships become a simple extension of current programmes their transformative potential is lost.

Besides, while reporting on output results surely represents the easiest and most convincing way for partnerships to show their added value, it also bears its share of risk, as Giguère has demonstrated elsewhere (2002, 2004). There are very few programme outcomes for which partnerships can claim to be solely responsible. By nature partnerships help their members to do a better job, therefore output results are only partly attributable to the partnerships themselves. This situation may thus lead to concerns about double accounting (and double-dipping) which can undermine the accountability framework of the partnership and, in turn, its legitimacy.

A more difficult, yet more appropriate way for partnerships to justify their existence and be evaluated is for them to try tracking the changes in governance which result from their activities. What for example are the changes over time in the appropriateness of the actions taken by the various members, and to what extent have such activities altered so that they contribute more towards shared objectives? Evaluating such governance outcomes is certainly not an easy task. At the very least, mindsets have to be changed, and new indicators need to be devised. New evidence supports the urgency to move faster on this issue.

There is a sign that evaluations of partnerships are starting to emphasise governance outcomes over output results, confirming that these are valuable changes that can in turn trigger better policy outcomes. Burrioni in Chapter 10, writing about the Italian experience of *programmazione negoziata* reports that despite mixed output results, evaluations of 'territorial pacts' are often positive due to outstanding governance outcomes. He refers to the achievements of partnerships in terms of the development of forms of collaboration and co-operative networks between local stakeholders that did not exist before, the building of local experience in planning and implementing integrated policies for local development and the improved capability of local governments to introduce relevant innovations and the changes brought about in local decision-making processes. In Chapter 11, Taylor also stresses the importance of governance outcomes in her evaluation of an Australian partnership helping disadvantaged youth in regard to their education. The partnership enabled local action and formed alliances of real commitment in responding to issues of youth disengagement. Although its members faced the usual obstacles (centralisation, rigid policies etc.), the political

space created by the partnership allowed for a joined-up focus on youth issues that had not been possible before.

From representative to participatory democracy

One major governance outcome obtained from partnerships is the addition of a participatory dimension to democracy. Participatory democracy is essential to involving civil society and business in the shaping of public strategies, programmes and projects. Further participatory democracy is aimed at influencing a whole range of bodies that are relatively remote from the representative democracy system: public services of various types, government offices, economic development agencies, and even the private sector and NGOs. Participatory democracy represents a challenge to all actors involved, as they have their own accountability stream to follow. What is more, in the case of elected officials, this accountability stream leads back to the population itself. Therefore not all suggestions made in a participatory forum can easily be brought on board by public organisations. And if they do take them on board, the resulting changes in the standard implementation of programmes are likely to be looked at scrupulously, both internally, within the respective administration, and externally, by the wider public. The policy development process may become more bureaucratic, accountability requirements may become more stringent and other stakeholders may lose interest in participating.

In Chapter 12, Skelcher, De Rynck, Klijn and Voets look at the problem of designing an institutional framework for the governance of economic development that provides for anchorage in the democratic system without losing the benefits of flexible policy design and delivery. Examining two cases from Belgium and the Netherlands, they find that the complexity of collaborative work in arenas outside public bureaucracies makes it hard to ensure that basic democratic principles are respected. Local economic development policies and decisions may not always reflect the public interest and may rather be dominated by special interests. A further illustration of the difficulty in designing governance forms that actually translate into better participatory democracy is provided by Adshead and McNerney in Chapter 13. The authors challenge the view that the National Anti-poverty Strategy in Ireland is exemplary in relation to its reflexive and participatory aspects. New social governance has created a more complex system of policy-making and implementation, involving new sets of actors and relationships between them but, despite the range of participation opportunities, civil society has not been able to influence policy more significantly. The complexity of collaborative arenas requires mechanisms for allowing greater transparency if public accountability is not to be lost in the process.

Partnership is now a standard way of working, a fact of life in the fragmented institutional landscape of a globalised economy. But its place in the policy framework is still mysterious. This situation nurtures complacency and opportunism in the utilisation of partnerships, which is counter-productive and no longer justified. What this book proposes is a rupture with the past, then a real connection between partnerships and the policy framework. To do this, it proposes to look at partnership for what it can provide: better governance. Policy effectiveness today needs co-ordination, local adaptation and participation. Better local governance will enhance economic and social outcomes and lift prosperity and living standards. Let us then embed these concepts in policy management frameworks.

In practice this means: (i) making the implementation of policy more flexible in terms of targets and budgetary frameworks, (ii) establishing local accountability relationships, (iii) building capacity for practitioners and civil servants alike, (iv) tracking and monitoring improvements in governance and policy outcomes and (v) making collaborative decision-making less opaque. There is no model that can be replicated to achieve one or more of these recommendations in every case. New forms of governance must be adapted to the institutional and economic context of each country. However, there are methods and mechanisms that can be replicated. The purpose of this book is to provide a basis for the development, analysis and evaluation of such instruments.

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2

The Power of Partnership: States and Solidarities in the Global Era

Mark Considine

We live in an age of profound transformations. Global economic pressures, the digital revolution and major shifts in family structure show us that contemporary Western societies are significantly different to those of previous generations. The sociologists tell us that this shift in traditional attachments is matched by a new drive for personal identity:

...the social order of the national state, class, ethnicity and the traditional family is in decline. The ethic of individual self-fulfilment and achievement is the most powerful current in modern society.

(Beck, 2000: 165)

In seeking to understand how communities are implicated in this process of transformation and how they may become actors in the chains of causation and influence that shape them, it is important to hold these two aspects of the story in clear view. On one side, the titanic movements of global power and institutional change, on the other hand a new, stronger push for personal authorship, local agency and meaning.

Partnerships involving governments and local communities provide one potential joining place or connection between these two dimensions. They offer tangible institutional spaces in which authorised, human-scale innovations might be created and in which emerging identities and forms of self-expression may be able to touch and influence larger economic and political imperatives.

We know quite a lot about these bigger transformations and there is no need to rehearse all the issues over again. But let us be clear that the combination of more open markets, rapid technological change and dynamic flows of financial capital have created a new dynamic of scarcity and prosperity at the global level.

As a consequence the age-old problems of poverty, unemployment, social unrest and injustice have taken on new forms. Many of the old social and

political mechanisms for managing such problems have been weakened by the new global order or have been rendered obsolete.

Government – from solution to problem

Government itself has become deeply implicated in this process of global change. Policies designed to protect and enhance local industries, regions and communities must now confront the realities of a more open international marketplace. Dynamic flows of capital provide a continuous and dramatic evaluation of national policies, registered in shifting currency prices and movements in credit ratings.

The model of national governmental transformation that has emerged from this period has several common attributes, even if the application differs in the various individual cases.

- Free (unregulated) trade is preferred as the mechanism to promote national economic growth.
- Labour market deregulation is promoted as a means to increase firm-level flexibility and job creation.
- Privatisation or corporatisation of government enterprises is favoured as a way to promote efficiency and reduce costs.
- Social services are made contestable or are subjected to contracting-out to constrain costs.
- The government share of national income is capped or reduced, while the responsibility of individuals is increased.
- Public services are defined as a 'last resort' system for those not able to manage their own social and financial security.

The strong influence of the US model of economic development, often described as the neo-liberal model, in these ideas can hardly be missed. That country's tremendous economic success and its influence on the process and direction of economic globalisation has created a 'default setting' against which other policy regimes are often compared. But despite its remarkable economic success, the US social model is not without its problems. High levels of inequality, violence, incarceration and racial discord have made this one of the least attractive regimes so far as social solidarity and community development are concerned.

The ambivalence which the US model engenders for many observers expresses the age-old tension between economic efficiency and social justice. For most of the period since Roosevelt's New Deal in the 1930s, the state and its policies of redistribution provided a bridge between these two goals. But in the 1980s and 1990s, confidence in government as an instrument of development declined. When economic success is mostly seen as a victory

for markets, as in the US case, government tends to be viewed as a source of business costs and regulatory impediments.

Only when it acts to sell-off public assets or to break down trade barriers in other countries is government seen to have a genuine role in stimulating economic development. Even the age-old functions of currency management and interest rate policy are now seen as too important to be left in the hands of elected governments, and new independent institutions have emerged in many countries to take care of this traditional public role.

We can also see a worldwide turn against bureaucracy which had its roots in a combined left-right attack on the inflexibility of traditional public services. For at least the past twenty years the dominant public discourse among opinion leaders in many countries member of the Organisation for Economic Co-operation and Development (OECD) has involved a liberal critique of what is called 'one-size-fits-all' service delivery. Whether a just description of traditional public services or not, so powerful has this swing to localisation and individualisation become that the presumption of doubt now means that public bureaucracy is bad until a strong case can be made for there being no alternative. A diverse collection of prominent commentators from Zygmunt Bauman (1993) to Osborne and Gaebler (1992) seem agreed on this point: The essence of bureaucracy is to threaten individuality with rules, regimentation and fragmentation.

The turn against government is also an effect of the way popular culture treats authority in general and political authority in particular. Again the shadow is American but the substance is an argument about mass society. As Christopher Lasch (1995: 97) argues,

Commercial television dramatises in the most explicit terms the cynicism that was always implicit in the ideology of the marketplace. The sentimental conviction that the best things in life are free has long since passed into oblivion ... The idea that crime doesn't pay – another discarded convention – yields to the recognition that law enforcement is a losing battle, that political authorities are helpless in the face of criminal syndicates and often hamper the police in their efforts to bring criminals to book, that all conflicts are settled by violence, and that scruples about violence condemn the scrupulous to the status of losers.

So to summarise, we see that these profound processes of global change have changed the institutional environment in which local communities must operate. Much of this story appears to be written by economic and financial actors or by governments following those imperatives. The story of social solidarity and broader issues of economic participation appear to have been relegated to 'second order' status.

Development paths and national regimes

But before we accept a global economic model of social development based on the neo-liberal type, we need to check the alternative cases. Surely the longer histories of institutions would suggest some important differences in the way societies respond to major challenges. Is there not a whole literature on economic and social development that shows important differences in national regimes? Indeed this is the case. Despite the powerful centralising and homogenising tendencies in the global era, and notwithstanding the impact of neo-liberal ideas, there are at least three important indicators of diversity.

- First, national and regional systems of economic development and social support have not converged on a single path.
- Second, these models show a degree of internal dynamism that suggest we are indeed in a period of transformation, but one in which new models are forming and countries or regions may be changing their alignments to previous models of development.
- Third, the process of transformation is located in new sites within the institutional matrix or 'ensemble' at national and regional level, in particular in forms of network governance (including partnerships).

The existence of multiple paths to development shows neo-liberalism to be a variable ingredient in most cases, rather than a regime to be replicated across systems.

For example, in the recent review of the OECD Jobs Strategy first published in 1994, the earlier embrace of a deregulatory strategy based on the US case is replaced by a more pluralistic reading of the data. 'There is no single road to better labour markets' the OECD's secretary-general concludes (*The Economist*, 17 June 2006: 86). In fact what the data show is that throughout the OECD there has been improvement in labour market performance since 1994 (see Tables 2.1 and 2.2). The study concludes that there are actually two different, viable strategies for improved performance.

The first of these mirrors the US model (it is described as the 'mainly English speaking' case though it includes countries like Japan, South Korea and Switzerland). This model is based on lower job protection, less generous unemployment benefits and a thin tax wedge. That is, a smaller difference between take-home pay and what it costs the employer in on-costs to hire each worker. The other successful case (called the 'Northern Europe' model, although it includes Austria and Ireland) offers a similar performance. Its average employment rate is higher than for the Anglo group, but its unemployment rate is lower.

One of the things that both successful models have in common is that their industrial sectors are not highly regulated, protected or restrained by

Table 2.1 OECD labour market regimes

	OECD unweighted average	English- speaking countries	Northern Europe	Continental and Southern Europe	Central Europe
Employment rate, %	67.11	70.92	71.91	62.54	58.00
Unemployment rate, %	7.47	5.30	4.79	8.97	15.12
Unemployment benefit*	27.81	18.23	39.86	36.17	9.69
Tax wedge [†]	27.10	18.54	27.42	34.33	32.43
Employment protection, index	2.01	1.38	2.13	2.71	1.83
Collective bargaining coverage	59.96	30.72	83.33	82.57	38.33
Product-market regulation, index	1.42	1.20	1.28	1.55	1.97
Active labour-market programs [‡]	29.25	15.76	64.14	25.84	3.46

Notes: * As % of certain workers' pay; [†] Gap between net take-home pay and cost to employer as % of latter; [‡] Spending per unemployed worker as % of GDP per head.

Source: OECD (2006), *Employment Outlook*, Paris, OECD Publications; and also *The Economist*, 17 June 2006

Table 2.2 Governance in fours¹

	Source of rationality	Form of control	Primary virtue	Service delivery focus
Procedural governance	Law treatments	Rules	Reliability	Universal
Corporate governance	Management	Plans	Goal-driven	Targets
Market governance	Competition	Contracts	Cost-driven	Prices
Network governance	Relationships	Co-production	Flexibility	Brokerage

local impediments. In other words the economy as a whole is dynamic. And in the Northern European case the high levels of social benefits are matched by policies which require active labour market participation and the energetic reintegration of those who fall out of work. In the Danish case this combination of social protection and industrial dynamism is often called the 'flexicurity' model.

One of the things to note about these two successful models is that they do not fit the shape of previous distinctions among OECD welfare states

(Esping-Andersen, 1990). The so-called liberal type based on the US and the UK now includes previously 'conservative' cases such as Switzerland. Austria seems to have shifted camp towards the social democratic side having been previously classified as strongly conservative. And Ireland, previously in the so-called Anglo-Saxon camp, has moved to the social democratic side.

So to conclude this part of the argument, we note the importance of neo-liberal critiques of government and of the US-style deregulation models of reform, but we observe a diversity of approaches. Of these we see at least two successful models. What is more we see evidence for 'path breaking' among some of these systems as they transform from previous institutional designs and move towards new configurations. We will return to this issue of path dependence and path breaking in the final section of this chapter.

We turn now to the third claim about these changes, that they often reside in the new software of governance (including partnerships) rather than in state-centric changes to bureaucracies and entitlements. Of course what we find is that most systems have embraced a mixture of hardware and software reforms. In practice the important hardware innovations have been in relation to financial deregulation and labour market activation.

The software reforms have emerged in a variety of changes to the way governments seek to co-produce outcomes with the help of firms, NGOs and citizens-consumers. Of all these experiments and innovations the one which has attracted most interest is partnerships.

Partnerships: New logics of action?

Partnerships can be seen as networks with good intentions. The contemporary extension of local partnerships into many areas of collaboration between public agencies, private enterprises and local community groups may be seen as the frontline in this change in the operating system of government. As such it deserves to be treated as a serious case of institutional design (Goodin, 1996; North, 1990; Arthur, 1989).²

This claim is made all the more plausible if and when such institutions generate new logics of action between these actors based on forms of democratic network governance. At the threshold, such logics are marked by the deepening of dialogue between the interacting agencies and with local leaders concerning agreed needs and opportunities. In other words, when the changes in inter-governmental relations are used to open a path for greater responsiveness to citizens.

Network governance provides a theoretical model for understanding these patterns of partnership. It is a framework which focuses attention on interdependence between different actors and the social space which such interdependence creates. Network governance might be thought of as the combined steering and learning elements that make up local partnerships.

What is distinctive about both these steering and learning mechanisms is that authority is shared in some important new ways. In this partnership form the network is expected to involve a clear devolution of public authority to specific 'policy networks found in civil society' (Bradford, 2003: 1005).

It can also be seen that such innovations in governance speak directly to the question of social capital and to the embedded resources (trust, advice, know-how, credit etc.) which communities are able to mobilise in order to work collaboratively. In this way we may also distinguish these policy partnerships from the various infrastructure projects which use public-private financing and expertise and which also employ partnership agreements and instruments. In this latter case there is no pretension that partners will involve themselves in setting public policy objectives (Giguère, 2003, and in this volume).

When we look at the process of innovation across the OECD in the past ten to fifteen years we can see a growth in the range of strategies involving partnerships at the local level (Balloch and Taylor, 2001; McCarthy, 1998; Considine, 2001).³ At the forefront of these developments has been the emergence of new types of decentralised programmes sponsored by national and supranational governments that seek to improve both economic development and social inclusion, sometimes at the same time, but often using different instruments. In a number of these cases there is strong evidence suggesting that improvements in job creation, better labour market flexibility and enhanced training opportunities have been incorporated into local development plans.

In other words these partnerships seem to have had a marked effect both on relations between the key actors and upon material outcomes for citizens. The most optimistic outlook is that there 'is evidence of a sophisticated level of understanding of the concept and general appreciation of the practical value of partnership' (OECD, 2001b: 206). It is also true, at least in some leading countries, that 'the case has yet to be won for partnership as a legitimate means of delivering high quality public services' (Commission on Public Private Partnerships, 2001: 16).

Partnerships as steering and learning institutions

Partnerships of this type are really two things in one – a new form of public management for problems which resist traditional bureaucratic or market solutions (Rhodes, 1996; Benington and Geddes, 2001; Sullivan and Skelcher, 2002; Hess and Adams, 2005), and a new way to mobilise non-government actors to address local issues. In the first of these dimensions the main questions are to do with efficient *steering and co-ordination* of various partner contribution. This is really a space defined by inter-organisational action, planning and resource mobilisation.

From a theoretical perspective this is not a particularly new approach to inter-agency problem solving. Benson's (1975) pioneering work in this area is a standard reference and there are several applications of this approach in the 1970s, including in human services (Sarason et al., 1977). The key question to be asked about the public management dimension is whether partnerships add value to what would otherwise have been delivered by more conventional means?

The key question from the learning perspective is whether partnerships offer potential for communities to create a new kind of communicative action in which to express whatever is meaningful to them and to have an authoritative space in which to negotiate these concerns with government. So the learning dimension includes the different aspects of engagement and inclusion, framed by decision-making structures which promote effective joint-decision-making.

These two dimensions together describe the governance attributes of partnerships (Sørensen and Tørfing 2005). This is what Kooiman (2003: 4) has in mind is defining governance as

... the totality of interactions, in which public as well as private actors participate, aimed at solving societal problems or creating societal opportunities, attending to the institutions as contexts for these governing interactions, and establishing a normative foundation for all these activities.

Buried within the idea that governance involves the 'totality of interactions' is the fact that these public and private actors are linked through tangible networks – or in our case, partnership structures. In researching and explaining such structures we can therefore ask a number of questions about them:

- What is the *mandate* for the partnership, including its normative foundation?
- What is the *structure* of the partnership, including membership and method of work?
- What *resources* does the partnership have at its disposal, including those of the affiliated agencies it is able to influence?
- What actions or *activities* does the partnership itself undertake, including the co-ordination of services and the creation of its own programs?
- What *impacts* does the partnership seek to achieve in regard to improved local governance?

1. Mandates

If partnerships are indeed networks with good intentions, what are the intentions? How do such goals form themselves into a process of joint action? To what extent are there norms explicit or implicit in these joint actions?

At the most minimal level, in all cases there will typically be some agreed authority created to allow partners to come together to hold discussions and to set their own agendas. With more robust mandates there will be formal agreements, targets, plans and divisions of responsibility.

The first part of the mandate to be understood is its normative reach. What ambitions does it set itself and what assumed or articulated social benefits does it seek to build? If partnership is the agreed solution, there must be some identified problem, or opportunity. This is a necessarily evaluative framing of actions. It is also one in which boundaries are established around such a mandate.

In most countries partnerships begin by seeking to address a specified policy issue or issues in a defined locality, or with a defined population group. Often the mandate to act in this space is claimed by a particular bureaucracy which then calls partners together to share this authority. Sullivan and Skelcher (2002) provide an excellent summary of the different UK partnerships. In defining the different roles of these initiatives they point to radically different mandates for action. So, for instance, the Market Towns Initiative brings residents, traders and public managers together in a company limited by guarantee with a warrant to regenerate these small rural towns. The Health Partnerships, on the other hand, involve managers from local authorities and health boards meeting with non-profits to co-ordinate their various health-promotion activities. The mandate in this case is for co-ordination and service improvement.

A paradox in the creation of devolved mandates is that they often require a powerful champion at the central government or supranational level to help open a space for new forms of local action. One reason for this is that authority is a difficult thing to manufacture. It is also a closely guarded resource among both public and private agencies. Unless there is a pre-existing history of collaboration, such as in some corporatist countries, the default setting for most agencies is to resist most forms of boundary-spanning work.

A second question to be addressed by the mandate is whether or not the partnership is actually going to deliver services of its own to citizens, or act as a planning and co-ordinating instrument for existing services. Stewart (2003: 280) argues that in the latter case there are really three different things going on. First is 'facilitating partnerships', which seek interest group consensus and policy agreement among major stakeholders. This implies a kind of concertation method and is likely to be ongoing and difficult to measure. He calls the second type 'co-ordinating partnerships' to identify strategic steering of the different contributions of departments and local authorities. And his final group is 'implementing partnerships' for the carry-through of specific, time-limited projects. They secure funding and manage resources. These, Stewart (2003: 281) says, are 'concerned with pragmatic solutions and specified outputs'.

Finally, we can distinguish in the mandates of different partnership types a focus upon consensus building and co-operation. In the former case, the partners place a value on dialogue aimed at locating agreements on difficult issues. Partnerships among environmental actors involved in the management of public land often have this characteristic. In the latter case the focus is upon identifying actions that the partners will undertake. For example, in the case of local development partnerships the collaboration might involve data sharing, marketing strategies or joint branding of local assets.

While it may seem inevitable that consensus building and co-operation would be part of the same process, some studies suggest that these are separate. Lubell (2004) studied environmental governance networks in the USA where the aim was to 'build cooperation among conflicting stakeholders' and found that these partnerships increased consensus on key issues but did not increase the levels of co-operation among network members.

2. Structure

Questions of authority lead inevitably to issues of organisational structure. Partnerships may have a number of different methods to carry out the mandate. Fundamental to all such models is the question of partner selection. Central government agencies play their part as sponsors, participants or supporters. Local government and perhaps county or regional government agencies typically have a direct stake. The representative of national interest groups such as Chamber of Commerce, unions or farmer associations may also be involved. And then of course there are the different community interests in each specific territory to be considered. Are these considered 'producers' of the partnership, or merely 'consumers' of its services? Can local interests play both roles without compromising the fairness and independence of any grant-giving activities undertaken by the partnership?

This mixture of central and local roles imposes major design challenges for those devising the structure of the partnership. What voting method or decision rule should be used to conduct business? How should this central committee or board account to its constituencies in government, in the private sector and in the community? How does it secure a 'democratic anchorage' (Sørensen and Tørfing, 2005)?

Much also depends, for instance, on whether the partnership is required to manage major financial transactions or remains a structure for consultation and co-ordination. Once the raising and spending of funds becomes a key task, the structure must develop more formal mechanisms of accountability.

A second imperative driving the choice of structure is the diversity of functions being undertaken by the partnership. In some cases the purpose of collaboration is to carry out a single task such as the Lifelong Learning partnerships in the UK which promote post-secondary education. In this case it is not necessary to create a complex set of committees or board, nor employ a large paid staff to administer the partnership. But in the New Deal

for Communities in the UK the task involves many dimensions of local improvement such as housing, safety, employment and health. This spawns a complex structure of sub-committees and co-ordinating devices such as plans and targets.

The third dimension of partnership structure is the form of representation and consultation that it uses to engage its community. In some cases these local partnerships will have directly elected local representatives serving on the board or committee. In other cases there will be a mechanism to bring local associations together and have them articulate community views into the decision-making structure. In still other cases the local councils will provide elected members as the voice of local priorities.

While each local approach may need to be different, one of the important questions to ask of partnerships is just how locally popular and representative they are. Without that support their value to institutional stakeholders must decline rapidly. Yet the building of that support requires careful organisational planning and commitment and not all those stakeholders engaged in partnership will always welcome the forceful intervention of local sentiments into debates over programs and expenditures.

Central to this question of structural design is the choice of legal form. Each national jurisdiction provides different vehicles. These range from unincorporated associations in which members may open bank accounts, receive funds and employ staff but may be restricted in regard to loan raising, share trading and limiting the liability of members from risks, bad debts etc.

Companies limited by guarantee have stronger legal powers, may better express the different share holdings of other corporate bodies, and enjoy protection from some of the risks that individuals or unincorporated associations may face. In the Irish case, for example, the central agency for co-ordinating government commitments to local partnerships is POBAL (Gaelic for 'community') and it is a private company owned by the national government. This gives it a legal status and accountability so far as fiduciary matters are concerned and an accountability to government which allows some freedom from regular bureaucratic procedures.

3. Resources

After mandate and legal structure, the most important steering device in partnership work is the budget. In practice, the budget is a number of different instruments rolled together, such as tender or contracting mechanisms, bids, approval processes, audits, incentives and rules of allocation. The starting point in analysing partnerships is thus the identification of the path by which resources are obtained and expended.

It is important to note in this regard that the partnership itself may not be the budget holder, but may act as an agent for a funding department or consortia of agencies. In the latter case the resource role of the partnership may be in helping influence and co-ordinate resource allocations by others,

and bringing improved effectiveness to the budget commitments of different local players.

The budget therefore has direct and indirect aspects. First, partnerships receive funds to perform specified tasks, including the establishment costs of the partnership itself. Second, local partnerships seek to have some influence on the deployment of development funds by national and supranational agencies.

Third, partnerships may use funds they receive from one source to leverage other resources. Finally, it is also important to know whether partnerships are able to own property and save any surpluses they generate to fund future work. Questions of financial sustainability are closely related to this issue of roll-overs and savings and these in turn may influence the way budget managers in partner organisations view the partnership's financial strategy.

4. Activities

The core of all policy partnerships is the definition and selection of a set of actual projects in the local area which are intended to manifest the values the partnership was established to support. Will the partnership devise its own local services? Will it give grants so that others may do new things? Or will the approach be one based upon co-ordination of the actions of others? The sequence of choices involved in this shift from mandate to methodology is best brought to light by asking what tools does the partnership employ? These tools will span three core fields of action.

In the first domain the partnership will devise some agreed method to assemble and interpret data about local problems and local resources. Many different paths lie ahead of this choice. For instance, the data may simply be adapted from one or other central government archive such as the employment register, the local planning statistics or the government census. Since the shape of the data usually drives problem definition, the set of tools selected and employed here is crucial.

The second dimension involves the tools for planning and goal setting by the partnership as a whole. These instruments may include various forms of consultation with the community, negotiation processes with central government agencies, choices about who sits on the governing board and the different methods for evaluating and reporting the partnership work. Inevitably these methods of work overlap with specific tools to earn and distribute resources, but the distinction is none the less important.

A third dimension involves the choice of a decision method to establish priorities and allocate resources. In some partnerships there are professional staff whose job is to stimulate and nurture proposals for projects. In others the partnership stands at a distance from specific proposals from firms, civic groups and individuals in order to create the arena for dialogue and priority setting. In still other cases the partnership administers funds granted by a central government agency according to pre-ordained rules. In each of these

cases the methodology of partnering is underpinned by norms of conduct and specific rules for making decisions.

5. Impacts

Since one of the prime purposes of partnerships is to produce improved local governance, it is vital that we review the way such structures work, their distinctive operations and the manner in which they create something new at local and central level.

In other words we need to go beyond the traditional evaluations of individual projects or pilot studies and seek to assess improvements in collaboration, co-ordination and joint-decision-making. This starts with showing how partners interact, alter their behaviours and participate in new styles of decision-making.

We therefore look to two different kinds of impact. The first is the success of the various projects and co-ordinating actions undertaken by the partnership. How well does this activity meet the objectives set by the partners? What improvements in local conditions have been achieved? The second has to do with the building of local connectedness. What has the partnership contributed to improved contact and deepening relationships between key social partners? What has it done to bring excluded actors into contact with other parts of the local community?

While these are complex changes, they can be measured or estimated. Improved local governance can be reflected in levels of participation by key groups such as local NGOs and firms, sustainability of these engagements over time, extent to which partnerships leverage funds to gain new resources and the extent to which partnership leads each individual partner to change behaviour in line with collective goals.

Partnerships: Institutional design issues

These various empirical characteristics of partnerships conceal a deeper set of attributes that must exist if collaboration is to work. While it may be true that global pressures demand attention, and that existing market and bureaucratic structures often fail to create solutions, this alone does not guarantee the success of partnerships.

For this to follow, these collaborative institutions must solve a number of collective action problems (Coase, 1960; Axelrod, 1984; Hardin, 1968). In particular, the transaction costs of searching for co-operative solutions – negotiating with others and then administering a collaborative solution – must be carefully understood. It is the distribution of these costs, relative to the benefits of co-operation, that leads many researchers to be sceptical of the likelihood that collaboration, except in very small networks, will be effective and efficient (Olson, 1965; Taylor, 1982; Bendor and Mookherjee, 1987).

In the classic formulation of this problem, Mancur Olson (1965) argued that the rational self interest of individuals would lead them to 'free ride' on the co-operative efforts of others such that only in small groups would collective goals be realised. In large groups he argued that the per capita value of benefits falls as the number of members increases. At the same time the value of each individual contribution decreases once group size is large.

The larger associations that are able to overcome this logic are those that Olson says have figured out a set of selective incentives to reinforce the value of membership. In the classic formulation of this proposition the large trade union offers members (and non-members) the benefits of collective bargaining while reducing the free rider problem by offering members cheap insurance and other such benefits.

The rational choice engine driving this logic also drives the transaction cost argument. In large groups where members know little about one another the costs associated with co-operation are high. To develop a common understanding of issues first requires the investment of considerable time in getting to know one's potential co-operators. Once that is done there are further costs associated with negotiating preferred outcomes and with administering the solutions. Most political scientists and economists have studied this problem as a type of political contracting in problems which involve Common Pool Resources (CPR). In these cases the rational behaviour of individuals lowers the benefits for the group as a whole and after that, for each individual.

In Hardin's (1968) formulation, the farmers over-graze the 'commons' and render it less productive because they have no way to collectivise the benefits of individual restraint. These collective action problems exist in many areas of social life and, according to economists, if not for the transaction costs involved, rational actors would obtain the higher level gains to be found in co-operating (Coase, 1960).

As we have seen, Olson's solution was small groups or large ones with special incentives. Another solution is provided by 'community'. In a group with certain attributes, the transaction cost problem is said to be reduced considerably. The definition of a community according to proponents of this view (Taylor and Singleton, 1993; Ostrom, 1990) is a group in which relationships are stable, such that actors expect to have to interact with one another over time; relations are multilevelled, such that actors meet one another in more than one aspect of their life; and the actors have some beliefs in common (Taylor and Singleton, 1993).

We could add to this list the criterion that in a community there is some tangible sense of there being a shared future. From a rational choice perspective, this attribute is often described in the negative. As Bendor and Mookherjee (1987: 130) put it in the case of two-person collaborations, 'So long as one's partner does not discount the future too heavily ... the short-term gains of

double cross will be outweighed by the long-term costs of being mired in mutual noncooperation.'

The reason communities are thought to be able to get around the transaction cost problem will now be obvious. All of the investment needed to overcome the rational expectations concerning free riding and 'opportunism with guile' are reduced where rich information sources about fellow co-operators already exists, where the record of keeping promises is known to all and where social incentives such as a sense of solidarity or the risk of shame are strong.

To this point we have a discussion of collaboration among actors that does not include the state. Of course this is like seeing a performance of Hamlet without the prince. But the reason for keeping the state out of the first part of this discussion is to compare the collaboration approach among social actors with more adversarial or coercive strategies involving government. In this latter case the actors conform because they must and the alternative is to be sanctioned.

However, in most accounts of collective action problems, the solutions do involve some form of state involvement. The pure community type is rarely seen in practice. As Ostrom (1990) has shown, the costs of state-centric solutions can often be far higher than the community-based alternative. For one thing the state may come to the local problem as something of an outsider and would then have high information gathering costs. Then, if the problem is complex, the state would have to rely on its ultimate powers of coercion to compel conflicting actors to co-operate and this process of compulsion might also be costly, especially where courts offer actors the rights to appeal such demands. And finally the solutions reached by this means might also involve high policing costs to make them stick.

So we see two negative scenarios in these collective action cases. Either there will be no co-operation and individuals will lose the chance to gain better outcomes, or they will only gain such advantages if the state steps in and acts on their behalf. In this latter case the enforcement costs may be considerable.

There are three alternatives posited in the literature. The first is the small group alternative in which information, negotiation and enforcement are relatively easy. The second is the community option, where a strong history of prior co-operation lowers the transaction costs for even large collectives. The third is what we might call the 'hybrid' solution where extra incentives or sanctions are added to encourage large groups to exploit the benefits of collaboration in situations of uncertainty. Mancur Olson's 'selective incentives' theory provides a limited support for this 'hybrid' approach.

In the solution proposed by Herbert Simon (1969) and modelled by Bendor and Mookherjee (1987: 129), reciprocity used in subunits (the community type) linked to a hierarchy through selective incentives (state-centric type) provides the optimum solution: 'This hierarchical form is more stable than

the decentralised structure and often secures more cooperation than the centralised structure.'

What is intriguing from our perspective is how closely this theoretical solution resembles the attributes of partnerships as defined empirically. The selective incentives plainly refer to the policy settings through which governments stimulate the formation of mandates and inject central resources.

However, there seem to be two minimal conditions necessary to assure the advantages of the hybrid model. First, the two dimensions of the solution must work in concert and not in conflict. That is, the reciprocity among local actors should be supported by the system of selective incentives provided by the state. One could easily see how this might not be the case. For example, if central resources are expended on incentives which only reflect central priorities, or which manipulate outcomes for one group over another, low trust and high defections can then be expected.

Second, since the conditions needed to create reciprocity are more demanding than those needed to create selective incentives, there is a potential for the former to lag behind the latter. Indeed, the conditions for community are easier in smaller sub-units than in large ones, but they may still be hard to secure. The artificial stimulation of community through hierarchical actions might create simulated reciprocity, but what conditions are needed for this to become embedded?

'Ensemble effects' and path dependence

This leads us directly to the most important question underpinning the discussion of partnerships – whether they are capable of generating systemic institutional change. When we look to partnerships and other such network governance collaborations, are we hoping to see basic transformations or simply the outflow of longer patterns of economic and social development? And by transformation do we hope to find deliberate, directed changes in the way societies govern themselves, or are the processes of change embedded down deep in the equivalent of our 'sociological DNA', such that transformation remains outside the reach of purposeful actors? Put another way, is the new set of interactions producing only local innovations in steering and learning, or more substantial changes in state–society relations?

In theoretical terms the question asks whether the institutions that drive these social and economic policies are path dependent. That is, mostly shaped by the action channels created in the past and buried deep into contemporary practice?

Having identified the empirical characteristics of partnerships, and some of the claims being made for them by observers, and having seen what analysts have determined to be the attributes of workable solutions to

collective action problems, what I want to argue in this final part of the paper is that path dependence and 'path breaking' are the flip sides of the same coin.

Both are influenced by the individual routines and embedded commitments of individual institutions, but the most powerful determinants are those 'matrix' or ensemble effects through which the routines of different institutions reinforce a local pattern of development. Most of the work of economists studying these so-called lock-in effects (North, 1990; Arthur, 1994) suggests a deeply conservative dynamic in which sub-optimal outcomes are reinforced by these intersecting histories.

This concept of path dependence has become a major force for interpreting social development in a comparative perspective. Douglass North won the Nobel Prize in Economics for his analysis of the way institutions generate such path dependence in the case of economic development. North (1990), Pierson and Skocpol (2002), Pierson (2000) and others have argued that economically inefficient solutions to social problems can become far more stable than we expect, not because actors lack rational dispositions, but because sub-optimal situations continue to produce returns, even increasing returns to actors.

The central idea in path dependence is that systems evolve from some initial conditions and once these have been resolved into a solution, this generates very strong probabilities for that solution being selected again and again, even when environmental conditions have changed or when feedback indicates a need for change. The core attributes of this *first position* may include a degree of openness and a potential for a number of different solutions, but pretty soon the system will begin to run on the tracks provided by the first solution. As the wagon trains heading into the American West were told, this is a case of 'choosing your rut carefully, you will be in it for the next thousand miles!'

In most versions of path dependence actors continue to choose behaviour which is less than optimal because they continue to receive benefits even if these are lower than they might be. For institutions this means that after the establishment of a certain set of routines and roles, it will become more and more difficult to bring about systemic change. For example, the education system of a particular country will reflect certain decisions made early in the process of national development, plus intersecting effects of decisions made when teacher training institutions were developed. These in turn will share certain rules of accreditation with labour market organisations, firms and regulatory bodies.

But path dependence is also a paradoxical concept. First of all it suggests that institutional performance may be sub-optimal because any course of action will tend to result from the history of its earlier manifestations and not from a rational evaluation of current opportunities. On the other hand, to the extent that institutions involve effective methods for balancing

interests and risks, path dependence may also provide an important buffer against catastrophic failures caused by gridlock, overload and conflict.

The rapid process of institutional change in the public sectors of many OECD countries would seem to test such a view. The new Europe, neo-liberalism, new public management and 'the end of welfare as we know it' each seem to underline the seismic shifts taking place. Yet we also find claims that so-called change is itself a wagon-track. Put differently, it may not be simply that systems fail to learn efficiently, but rather that they learn using the same mechanisms that they use when they are not learning. Innovation is thus relegated as a form of adaptation of current systems, rather than a break from the old and a start in a new direction.

In other words the puzzle is not simply that there is change or fluctuation in the political system, but rather that once the initial conditions of that change are set in motion, they become self-reinforcing and it is difficult to return to the branching point to start down another track. This reflects Arthur's (1996: 112) idea of so-called learning effects – 'knowledge gained in the operation of complex systems also leads to higher returns from continued use'.

This idea of a self-reinforcing dynamic generated by increasing returns is elaborated by Douglass North (1990) using a transaction cost framework in order to show how interdependence leads separate institutions to adopt complementary forms and processes. As Pierson (2000: 255) points out, 'Path dependent processes will often be most powerful not at the level of individual organisations or institutions but at a more macro level that involves complementary configurations of organisations and institutions.'

This is the nub of the argument about the new local partnerships. The neoclassical argument about economic development suggests that places like southern Europe should adopt the techniques of the most successful northern regions and thus there should be convergence over time. Instead, North argues, their matrix of institutional commitments ensures that they stay on a separate (sub-optimal) path.⁴

To answer this question we must look to the dynamics of change identified in accounts of institutional development where it will be important to distinguish between the reasons any given organisation might be path dependent and the reasons (following North) why matrices of such organisations might become such. It is the latter case that must interest us, since the core property of a network is that it is located at exactly this intersectional distance from institutions.

Pierson (2000: 259) uses North's account to explain how politics yields to the dynamics of path dependence and may even be a stronger case than the economy. First he shows that there is a certain institutional density in politics because in these particular institutions the 'cost of exit from established arrangements generally rises dramatically'. He further argues that politics lacks strong incentives for actors to take a long view of their interests (p. 257).

This is because the winner-take-all competition that typifies politics reduces such incentives. Leaders who lose elections are out of the game altogether, whereas in the economy the firm that comes second may still make a healthy profit. He also suggests that organisations have a strong tendency to persist once they pass the point of being institutionalised (p. 259). The cumulative effect of these conditions is said to be that political institutions are even more likely to be path dependent than economic ones.

The role of networks in this story can now be explored. Ensemble effects might be thought of as the things produced by the intersection of different institutions. In the argument for path dependence these are common codes which tend to produce strong lock-in effects. These do double damage to the case for optimisation or improved development. First, they reinforce local institutional effects, making them more legitimate and more widely accepted. For example, the schooling system's form of examination serves not only as an internal means to assess students but quickly becomes an external method for selecting job candidates.

Second, these overlapping rules may become even more potent because they now lay outside the control of any one institution or the mandate of any one set of leaders. And while some countries may have boards or ministerial committees where educationalists and industrialists sit together and discuss such matters, the chances that they might engineer a simultaneous change in examinations and employment criteria seem small in comparison to the alternative possibility.

Network governance provides two kinds of solution to this path dependence problem. The first concerns the fate of real options which were lost once the first solution was implemented and a single path created. Crouch and Farrell (2002: 11) point out that logically speaking the initial decision to adopt a certain path may not be the end of any alternatives, as is sometimes implied in path dependence theory. If alternative paths can be fashioned from 'somewhere within agent's repertoires' then the deterministic aspects of the theory may be modified without risk to its core achievements.

But how do agents develop and keep such repertoires alive after a path has become set? They give the example of the German vocational training system which has made several significant adaptations to environmental change which 'involved substantial change in the path of the system's overall development; they were not simple returns to an existing path after temporary shocks' (Crouch and Farrell, 2002: 12). The assumption, supported by Ebbinghaus and Manow's (2001) work on European welfare states, which they quote, is that systems may return to a *branching point* in their development and elect to take a different road. Ebbinghaus and Manow refer to 'dormant elements' which may be reawakened. Crouch and Farrell use the notion of 'hidden alternatives' already within the system.

A different way to solve this problem is to ask whether the original notion of path dependence might not have been too reliant upon assumptions

about individual actors and to a presumption that actors actually become deeply committed to particular paths. The 'hidden alternatives' idea might be taken to suggest that this willing consciousness sits atop a 'visible alternative' which is the preoccupation of actors. This need not be the case. Path dependence might remain just as powerful an imperative (and perhaps more powerful) even if individual actors continue to entertain alternative possibilities but regularly fail to adopt them.

In any single organisation this might be as simple as noting the difference between 'the way things are normally done around here' and 'the way I would prefer to do them if things were different'. To quote North (1990: 99), it is not that there are no alternatives, but that 'path dependence is a way to conceptually narrow the choice set and link decision making through time'. If we think of path dependence as a property of systems of multiple actors, rather than as a trait of individuals, we may get closer to an understanding of the network attributes of these regime dynamics (Esping-Andersen, 1990; Offe, 1991; Krasner, 1983).

One of the ways in which actors may keep alternative paths open is through informal communication and problem solving in networks. The space occupied by networks is not confined by an individual organisation's routines. And even in the cases described by Klijn et al. where networks develop their own rules, the continuous need for agreement suggests greater openness than in the usual hierarchical form of organisation.⁵

A second network attribute that suggests possibilities for the redesign of institutional ensembles is the condition identified already involving the distancing of ensemble effects from the control of any single dominant institution.

North (1990: 95) makes his point with respect to what he calls institutional matrices, or the deepening effect of one institution developing rules and repertoires to accommodate another in its environment. Pfeffer and Salancik (1978) make this same point with respect to organisations that share resource dependencies. They show that external agencies create powerful incentives for organisational actors to develop routines of accommodation.

Since these pressures are embedded in inter-organisational space, in repertoires that can only be changed by some degree of mutual action within the network, they may well be at odds with the preferences of a number of leading actors, leaving open the possibility that these might eventually generate alternative paths.

We can think about these two dimensions of the branching concept as creating a stock of unused alternatives which do not become activated because the returns on existing paths for individual agents remain high and because the switching costs are multiplied across several institutions. Even within a single institution this multilateral characteristic may be missed if all we look at is the lock-in of dominant norms and rules. This is what Elinor Ostrom's (1992: 75) observation that institutions are 'multiple layers of nested enterprises' points to.

Discussion

Let us return now to the question of partnerships and network governance and ask how its local attributes might be understood from this institutional design perspective. If the new interest in local flexibility, tailored solutions and client-centred action were to be seen as a serious set of claims, we could devise a sensible test of the extent to which such reforms represent a genuine change and the degree to which they simply follow exiting tracks.

The test would have to be one in which local circumstances come to be seriously influential such that a true diversity of forms of local governance emerged. The authorising environment involving state bureaucracies would also need to be different to conventional joined-up practices. It would not be enough to show that bureaucratic agencies had learned to work better together, since there is already an abundant literature on the different traditions for organisational collaboration and co-ordination through teams, interdepartmental committees, central agencies and boards of management. Instead the authorising state agencies would need to be in a position to underwrite collaborations that support communities with the kinds of selective incentives required to build strong local networks.

Now the question is how it might be that such alternatives come to be retrieved or revived? Of course it is no solution to the problem to say that the environment forces adaptation or produces crises for which new solutions must be found. This would lead us back to functionalist accounts.

Another solution is to consider an alternative to North's matrices. What if the effects of inter-institutional relationship building were sometimes more dynamic than his self-reinforcing norm suggests? While individual volatility seems hardly likely to shake the shackles of a path imperative, network shifts seem far more likely to multiply towards some new kind of branching potential.

Complex interdependence might well be capable of either path deepening or, under certain conditions, path breaking. This need not involve a direct clash of institutional logics, for presumably this could just as likely produce gridlock, cold war and other forms of inertia. Rather the dynamic condition would presumably look more like hybridity, or border tensions between proximate logics.

For the sociologists this idea is often represented by the notion of social context, and thus of context dependence (Granovetter, 1985), but this is itself an ensemble of other things. As Koka and Prescott (2002: 797) point out with respect to corporate strategy, context is 'operationalised as the network of interfirm relations (which) constrains and shapes a firm's action with regard to alliance formation and partners selection'.

Partnerships may well be networks with good intentions but to be path-breaking innovations they also need to be networks of recovered options, of

alternatives to current practices and preferences, and of intentions which impact not just the projects and activities of government, but also the routines and action channels of governance.

As we have noted, the empirical literature is resplendent with examples of collaborative institutions, partnerships and new forms of network governance. These involve widely shared experiences which have taken root in environmental policy, social policy and economic development sectors and often have the active support of local communities and various levels of government and international organisations.

But just as important, the theoretical literature in sociology, political science and economics points to three sound reasons to take such innovations seriously. First, the study of collective action problems suggests that 'hybrid' forms of state and local community activation are likely to be robust in the face of challenges caused by free riding, opportunism and the many costs of centralised regulation. Second, a balance of selective incentives from above, plus endogenous development of local network strength has the greatest potential to produce sustainable hybrid institutions.

Third, achieving real path breaking forms of local development requires a network governance form that can hold alternative path options ready for recovery, while acting upon the 'ensemble' effects inevitably produced by existing forms of path dependence. At the same time this hybrid form of organisation must combine central incentives with local forms of reciprocity. None of this is a guarantee of success, but it certainly suggests a set of threshold conditions necessary for the institutional design of system-changing forms of governance.

Finally, in converting these theoretical propositions into practice we can see that partnerships need to satisfy both local and central criteria in order to become a structure with a future. Getting these two sets of demands aligned is no small matter and having a normative frame that recognises and respects both sets of demands is clearly important. After that the story becomes one of diverse local approaches to both challenges and opportunities. In many cases this may be no more or less than a continuation of existing traditions of local funding. In others we may hope to see genuine cases of path-breaking institutional development where networks and partnerships intersect the central logics of institutions and find ways to move in a new direction.

Notes

1. See Considine 2001, Chapter 2.
2. Goodin shows how the idea of design may be freed of many of its intentionalist and creationist presumptions. In noting that the study of institutions enables us to show 'those ways in which the past leaves traces in the present', he also points to a necessary interest in *redesign* (p. 30) and *revisability* (p. 40). Arthur and North provide a persuasive account of how openness to design may be limited to the early iterations of the institution-building game, after which certain forms of 'lock-in' will prevail.

3. An earlier version of this section of the chapter was published in OECD (2003a) *Managing Decentralisation: A New Role for Labour Market Policy*, Chapter 16: 'Local Partnerships: Different Histories, Common Challenges – A Synthesis', Paris.
4. This is also the critique of Putnam's classic study of social capital and the Italian regions. As Feigenbaum (1995: 437) put it, 'if you want good government, go out and get yourself a better medieval history'.
5. Although there must also be a point at which the network solidifies into an institution and thus where rules are difficult for contemporary participants to alter.

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3

The Use of Partnerships in Economic and Social Policy: Practice Ahead of Theory

Sylvain Giguère

The organisational challenge of our time

For more than 30 years now, our economies have undertaken a phase of intense restructuring. This has been in part a response to competition from emerging economies and low-wage countries, as well as to rapid technological change. It has also been a normal consequence of the maturing of our modern economies – as societies get wealthier, they consume relatively more services than goods. As a result, resources have been reallocated from sectors losing competitiveness to others with greater value added. The weight of the manufacturing sector has diminished steadily since the 1950s, with the decline accelerating since the 1970s. Resource reallocation is now also affecting the service sector, some of whose activities are moving offshore, thanks to the progress of information and communications technologies (ICTs).

The structural adjustment of the economy is a process in which there are both winners and losers, whether in terms of sectors of the economy, territories, trades or individuals. The consequences are economic, social and environmental and they accumulate, are magnified or cancel each other out. The effects can be concentrated in different places and on different groups of the population, either making the problems more complicated or, on the contrary, improving already advantageous conditions.

The impact of this process on the dynamics of the labour market in particular has been a source of concern. While the effects of restructuring on the labour market related mostly to entry and job retention in the 1970s and 1980s, which resulted in rising unemployment, the focus nowadays is on skills upgrading, retaining talents, initial training and the integration of hard-to-reach groups. In several countries, unemployment is no longer the main problem but has been replaced (or accentuated) by growing job insecurity, lower wages and the deterioration of working conditions.

Unsurprisingly, this process has been accompanied by a growing number of complex and intertwined economic and social problems. Deprived communities, lagging regions, derelict areas, poverty, social exclusion, intolerance,

early school-leaving and ethnic ghettoisation are examples of problems frequently encountered, which are fuelled further by current unbalances, such as the growing wage inequalities and unaffordable housing. Governments are particularly ill-equipped to tackle these problems. In a context of increasing interdependence, openness and reduced barriers between domestic and international policy, they have only limited room for manoeuvre. To preserve the health of the economy and promote job creation, governments have no choice today but to facilitate structural adjustment and, to that end, make the regulatory framework more flexible. In addition, to make the business environment as competitive as possible, they must do their best to make the apparatus of government more effective and reduce its costs.

This situation was not experienced in the post-war years due to the rapid pace of increase in the standards of living, but is not necessarily new. The average annual growth rate in the industrialised world was 5 per cent between 1950 and 1973, but has been less than 3 per cent since.¹ Rapid increases in prosperity, as the world economy gradually opened up and filled the gaps created by relatively inward-looking economies during the war years, allowed for exceptionally fluid labour markets and easy redeployments of labour following productivity increases. Accordingly, the protective and generous post-war welfare state appeared well equipped with tools and instruments to address the economic and social problems of the moment. Those policy instruments are no longer available in an era which is reminiscent of the period 1870–1914, which was marked by rapid technological progress, fast-growing international trade and the globalisation of the economy.

The difficulty that the State has in providing satisfactory solutions to the problems deriving from the rapid restructuring of the economy has prompted the emergence of new actors and fostered spontaneous initiatives. Governments have themselves contributed to this situation by encouraging delegation, privatisation, contracting-out and decentralisation with the object of increasing public service efficiency. As a result, the State is seen nowadays as one of the actors in a situation of interdependence where no one has control over the actions of others. While the multidisciplinary aspect of certain socio-economic problems may sometimes have been exaggerated, the mere existence of a multitude of actors from the public and private sectors and civil society, all intervening in related issues, often provides in itself a satisfactory justification for a co-ordinated approach to solving them.

The answers provided in this context are not optimal: examples from all the Organisation for Economic Co-operation and Development (OECD) countries abound in interest coalitions performing actions which do not further the common good, while a host of problems remain without a solution. Collective action problems, conflicts between policies and cases of blatant lack of co-ordination are well documented. It has now to be acknowledged that we have not managed to meet the organisational challenge of our

time – solving socio-economic problems and improving living standards for the great majority of people against a background of openness and interdependence. As this chapter will argue, academic research has thrown up a number of avenues of reflection, but it is the people in the field whose experiments have identified the most feasible solutions, which, in some cases, have been adopted by the authorities. What can be said about the progress made and what still remains to be done? Can the gap between theory and practice be filled, and how?

The quest for efficiency

The organisational methods employed by government during the post-war period of strong growth – top-down management, big organisation – very soon proved unsuitable, as moreover did those used by the private sector. As of the 1970s, firms began to decentralise their production processes in smaller, independent units, encourage innovation in the production process and rationalise costs. Government proceeded in the same way, reducing the weight of the administrative system, delegating part of its activities to the private sector and devolving certain services to the next administrative level down.

The main object of these reforms was to increase the efficiency of government. They were implemented initially against a background of fiscal consolidation (in the 1970s and 1980s) and then that of the search for competitive advantages (1990s and 2000s). Nowadays, central government collaborates with the private and voluntary sectors on the management of a large share of public services; these include health, employment, training, education, social services and economic development. In some cases, contractual relations are established with service providers, while in others public–private partnerships (PPPs) are set up. The object of these measures is to produce, at the lowest possible cost, services which go as far as possible towards meeting users' requirements.

Setting up contracts

These methods borrow in this respect from economic theory, and especially agency theory and transaction costs theory. According to agency theory, the transactions conducted by an economy can be viewed as a series of contracts between a principal and an agent. The principal has to contend with far-from-negligible surveillance costs which prevent him from ascertaining whether the work done is in line with the terms of the agreed contract. If the contracts are not repeated, the agent has every interest in using the room for manoeuvre at his disposal to his own advantage and cheating. Where the principal is concerned, rational behaviour will consist in preparing contracts for very specific, one-off tasks for a limited period in order to restrict any room for manoeuvre which could be used against his interests.

Transaction cost theory also makes the assumption that it is costly to ensure compliance with contracts, but goes further by indicating under what conditions it will be efficient to sub-contract and under which it will be more efficient to internalise production. The theory is that the firm's problem is to minimise governance, or transaction costs and not simply to minimise production costs. Transaction costs are mainly the following: (i) *ex ante* costs: writing, bargaining and ensuring compliance with an agreement; and (ii) *ex post* costs: poor preparations costs, when transactions depart from what was agreed, and dispute management costs in particular (Williamson, 1985).

Transaction cost theory assumes bounded rationality on the part of agents and the existence of opportunism, as in the case of agency theory. The opportunities for an agent to deceive his partners depend on the difficulty of being informed, of understanding and anticipating the actions of other partners, on the specificity of the assets that the producer has to possess and on the complexity of the product targeted by the agreement. The firm, or whatever organisation is involved, has therefore to put in place a governance and contract structure which protects transactions against the effects of opportunism. In this context, transactions with uncertain results, which occur frequently and which require investment specific to the transaction (in time, financial resources and energy which can hardly be transferred to other types of transaction), will probably be kept inside the firm. It will not therefore be necessary for the firm to anticipate and measure contingencies for this type of transaction, and the risk of opportunism is reduced through hierarchical and authoritarian relations and better identification between the partners in the transaction. The market remains for its part the most effective way of carrying out simple, non-repetitive transactions not requiring specific investment (such as the purchase of equipment which would serve solely to effect the transaction in question).

Agency theory and transaction cost theory each have a message to convey for contractualisation in both the private and the public sectors: for transactions to be effective in the eyes of the contracting party, the terms have to be precise and the product simple. The two models arrive, however, at different conclusions when it comes to optimal contract duration. In agency theory, which places the emphasis on the difficulty of obtaining information, effective contracts are those that are repeated. It is preferable for this not to be the case in transaction cost theory which highlights all the costs involved in implementing a contractual relationship.

The broad lesson to emerge from these conclusions is that the agent has room for manoeuvre which he uses to his advantage. It is in the principal's interest to reduce the agent's room for manoeuvre or to take care of production himself, that decision depending on cost comparisons for each option. Contracting-out would not appear to be the most direct way to solve complex problems in a context of interdependence, and can even be counterproductive. Solving this type of problem can mean voluntarily leaving

the agent some room for manoeuvre so as to be able to co-ordinate one's action with other organisations and take various concerns into account when implementing services. Effectiveness and the solving of complex problems can be conflicting objectives.

The difficulty for contractualised services to help solve complex problems in the areas of economic development and employment is confirmed in practice. Labour market policy, for one, has substantially experienced contracting-out: Australia, Belgium, Denmark, the Netherlands, Norway and the United States all sub-contract services to be provided to individuals. In this particular case, service providers are confined to the tasks asked of them under the terms of the contract binding them to the authorities. 'Creaming' is known to occur as it is in the interest of the agents to pick the easiest cases, though there are ways to refine contracts further. However, few hopes are held out regarding the possibilities of co-ordinating with other sectors when required by complex situations. Suppliers do link up with other organisations, but only to the extent that the latter can help them to achieve the targets set. Likewise, due to their entrepreneurial qualities, private and non-profit providers are in a position to establish the necessary contacts with local community groups targeted by a measure for which they have responsibility, but only to the extent that this can enhance its uptake (Considine, 2001; Giguère, 2003; Sol, 2003).

PPPs

The other form of delegation to the private sector is the PPP. A PPP is a formal agreement between at least two actors, one being public and more often than not a local authority, and the other private. A PPP is characterised by the pooling of resources (financial, real estate, technological etc.) and is designed to increase the economic capacity of a public organisation by identifying interests it shares with the private sector. Traditionally, these partnerships have been set up to tackle urban issues, such as the regeneration of run-down areas, industrial development, and sea front and port area improvement. The local authorities usually make land available (together with a contribution to the financial investment) and the private sector partner undertakes to develop it for commercial purposes, while respecting certain details agreed in advance (Beauregard, 1998). PPP models are also used in a number of countries for infrastructure funding and management (bridges, motorways, airports etc.) and environmental projects (waste processing plants) and the provision of certain services (health, education etc.).

In the case of a partnership, the existence of legally established arrangements between the actors involved (joint venture) can be seen as a way of reducing transaction costs. A partnership allows decision-makers to take decisions without each time having to enter into new discussions about organisational principles and rules of interaction (Peters, 1998). For example, the

efficiency gains flowing from a PPP compared to a simple contract are greater in the case of infrastructure development than in that of waste collection. An external refuse collection contract is easy to draw up and the cost involved in preparing and negotiating it is low. Development projects undertaken by means of PPPs are often complex and, in the absence of a formal arrangement, would give rise to substantial transaction costs (Stoker, 1998).

The purpose of PPPs is to increase efficiency through synergies. Where the public sector is concerned, the advantages fall into two main categories. In the first place, having a formal agreement with a private investor enables government authorities with budgetary constraints to raise more resources for community projects. Second, PPPs provide the public service with enhanced know-how and expertise specific to the market being targeted. Project efficiency can be strongly influenced by improved knowledge of private sector costs (Kouwenhoven, 1993).

Over and above efficiency gains, PPPs are of limited help in solving complex socio-economic problems. It is essential, when setting up a PPP, that the private sector should be able to invest in projects that will yield a return. It follows that economic development can be the subject of a PPP, as is often the case in North America and Europe, on condition that the development projects backed can yield returns similar to those on alternative investment projects. PPPs are not suitable for facilitating intersectoral co-ordination or drawing up investment guidelines on the basis of considerations to do with collective welfare. They do not facilitate co-operation with civil society or with representatives of the local business community who are not partners on the investment side, since a joint venture is an investment project like any other, whose chances of success have to be maximised.

The quest for co-operation

Paradoxically, these theoretical advances, which explain the formation of both public and private institutions and organisations, have been used rather to justify their division into smaller units, especially where government is concerned. This result is due to the simultaneous occurrence of public pressure to make government agencies more effective and the development of *new institutional* lines of research which use efficiency as the optimality criterion for the structure of institutions. However, other criteria have been proposed by this intellectual sphere of influence.

- *Stability*. Inspired by organisational theory, one school of thought in economics has suggested that stability, rather than efficiency, is the main criterion for the development of institutions (North, 1990). Institutions reduce uncertainty in human interaction, which is the result of limited rationality. Inefficient organisations can survive because they contribute

to the stability and harmony of interaction and because they are part of culture and tradition. The latter generate informal constraints which produce organisational stability (Lowndes, 1996).

- *Utility.* The *public choice* school sees institutions as simple aggregations of individual preferences. Institutions are an accumulation of individual choices based on preferences that are expected to maximise utility. They are created by bureaucrats and politicians who manipulate and use them to maximise their well-being. The latter seek, for example, to increase the budget for which they have responsibility, or encourage measures likely to ensure their re-election, which leads to excess production of public goods. As a result, institutions degenerate over time; they no longer contribute to public well-being and end up by obstructing effective exchanges.
- *Rules.* New Institutionalism has emerged in political science where it seeks to understand the rules governing political behaviour. It is a theory which raises questions as to the way in which institutional factors influence the solutions to collective action issues. There are rules that shape individual behaviour within organisations and possibly the behaviour of the organisation itself. It has been suggested that, in the framework of institutional arrangements, a system of incentives and sanctions can be put in place which would foster co-operation between actors and between organisations – always assuming that rational agents reply in the appropriate manner (Ostrom, 1990; Lowndes, 1996).
- *Norms.* New Institutionalism in sociology sees the behaviour of economic agents – and by virtue of that fact their organisation and the economy as a whole – as being linked to social networks and institutional relationships. Institutions therefore introduce order into political life and simplify it. Institutions are an expression of norms in the decision-making process and provide a logic of appropriateness which guides the behaviour of individuals operating within it (*embeddedness*). Mere procedures and structures reflect a set of norms, values, interests, identities and beliefs. These factors are more important than those that maximise effectiveness, utility and interests (March and Olsen, 1989; Granovetter, 1985, 1992; Lowndes, 1996).

With the exception of *public choice*, which advocates privatisation to limit the cost of government, these schools of thought draw attention to factors which may encourage governments and society to keep a degree of consistency in their institutional framework and to limit the extent to which they are divided up. They highlight the need both to foster co-operation between actors and organisations so that problems are solved within a framework of interdependence, and also to provide the appropriate incentives (a concern shared by *public choice*). Their lessons will be chiefly applied to the analysis of governance networks.

The network State

Governments in a great number of industrialised economies have since the 1990s encouraged the emergence of new approaches to intervening in the field and also innovations in service supply. The aim was to rejuvenate service delivery and make it more efficient by means of increased competition. To this end, they set up programmes to be implemented at the local level, whether by the local authorities or other agencies, signed contracts directly with local suppliers for the provision of services and set up new agencies – local, public and quasi-public agencies, or in partnership with the private sector – in order to perform specific tasks. It is generally agreed that this approach served to break up institutional structures and also public policy (Harding, 2000).

In the field, government agencies are nowadays at the heart of a vast network of public–private relationships over which they have little influence, even though they very often remain responsible for the quality and quantity of services provided to the population. Political science and its policy analysis and public administration branches have described how the State has become a collection of interorganisational networks made up of government actors and society as a whole, in which none has sovereignty over the others but all are interdependent. Each is moved by its own interests and preferences and is funded from discrete financial sources. The networks organise themselves independently. In this context, the distinction between public, private and voluntary sectors no longer has any meaning, the government being just one actor among others and having no special legitimacy (Rhodes, 1997; Kickert, Klijn and Koppenjan, 1997a).

The challenge is to see to it that the networked actors co-operate in finding a solution to a problem. The tools have to be found to manage networks in such a way as to achieve that result. Research in public administration has come up with answers to this challenge. It has established that network management comprises three types of activity: action concerning a pattern of relations, consensus building and problem solving. The tasks to be accomplished are as follows: network activation (initiating an interaction process) and organising interactions (defining the rules and procedures), setting up contacts (linking problems, solutions and actors), facilitation (putting in place effective conditions for interaction), and mediation and arbitration (conflict solving). In cases where solutions cannot be found, the manager can seek to restructure the network (for example, by changing its composition or the rules) (Kickert and Koppenjan, 1997).

This approach considers that government is ideally placed to play the role of network manager. It alone is in the best position to reduce or do away with the drawbacks involved in policy networks and thus ensure that they meet expectations as best as possible. Government can use the regulations, financial resources and communication tools to influence actors' actions, relations and perceptions (Klijn and Koppenjan, 2000).

However, while government agencies are undoubtedly qualified to organise co-operation with regard to goals that they themselves represent and are pursuing, it is not certain that they manage to ensure that the actions involved all centre on their goals. In an independent network in which the actors are interdependent and government agencies do not control every action, including budget relations and financial flows, the actors' objectives, interests and preferences all enjoy the same legitimacy. It follows that the result of government participation and of its role as manager can give rise to negotiation and compromise solutions which are not in the common interest. Environmental policies may be stressed as an example of interests not sufficiently taken into consideration in the networks of actors involved (Marin and Mayntz, 1991; Marsh and Rhodes, 1992).

In a context in which the government has no special legitimacy, it may moreover be asked whether government agents are well placed to manage the networks. To a certain extent, such agents are more restricted than others in what they do. Not being able to negotiate the objectives they are pursuing, they have less room for manoeuvre. Their actions are also inhibited by the norms, rules and behaviour that are self-imposed (with regard, for example, to administrative management and attitudes towards minorities). Whereas other actors are able to use their ingenuity where such matters are concerned, the government is cramped by having to behave in an exemplary manner. The government is accountable to parliament and the population, and its behaviour is under minute scrutiny in our democracies (Kickert, Klijn and Koppenjan, 1997b).

It may therefore be thought that the private sector, being more entrepreneurial, will in many cases be better placed to find solutions to the co-ordination problems arising between members of the network. In this case, it is not obvious that the solutions to the problems will promote collective well-being and greater prosperity. There can be no guarantee, for example, that the possible solutions will not include arrangements of the 'one good turn deserves another' variety, thus bypassing co-ordination in some areas and disregarding it when necessary.

Whatever the identity of the manager, there is a risk that solutions found will probably be arrived at by means of a closed negotiation which does not take into account the broader interests of civil society in particular, or of other policy sectors. Decisions taken in this type of network make it impossible to determine who is responsible for what, and so reduce the degree of accountability. The latter is all the more diminished in that network negotiation processes do not include any mechanism providing for democratic participation (Rhodes, 1997). The democratic anchorage of networks has been revealed to be a real challenge and significant efforts are being devoted to this issue by academic research in political science.

The theoretical progress on network management and, additionally, on search networks (Sabel, 2005) has shown that it is possible for pragmatic

networks to find solutions to concrete problems. In most cases, however, the problems are simple ones, the implications of which are easy for the different actors involved to identify within a single policy sector (Giguère, 2005). The present complexity of pursuing economic and social development objectives in a context of interdependence is reflected, however, in intersectoral and multidisciplinary problems to which networks have difficulty finding an answer. This is where the actors in the field have shown the way.

The practical solution: partnership

The actors in the field have proposed their own method for stimulating coordination based on local problems and priorities in a decentralised manner: partnership. A partnership is set up by its initiator for a predetermined general purpose, but it then devises a strategy adapted to the context. The members of the public and private sectors and civil society who are concerned by the general objective participate, if they wish and are able to, by means of whatever forms of representation may have been put in place. In practice these actors are picked up from various networks which possibly nurture no interdependence relationships between themselves. The means of action will depend on what is available: either existing programmes and services will be used, or new ones may have to be set up.

Partnerships were recognised some 25 years ago as a promising way of helping local communities to solve problems specific to their region. In response to growing pressures, local authorities, private companies and civil society organisations set about finding new ways to promote economic and social development at the local level. Partnerships were proposed as a way of mobilising resources and achieving the biggest possible impact, and they helped to provide an answer to crisis situations such as factory closures and the problems of disadvantaged areas. Partnerships were therefore a frequent feature of local employment and economic development initiatives in the late 1970s and the 1980s.

Studies which are no longer recent show that local job-creation initiatives were more effective when agreements, whether formal or informal, were concluded between the different levels of government, the private sector and the voluntary sector. In the absence of a partnership, the chances of success are slighter, the various groups and individuals being liable to try to solve major structural problems without having the necessary information and backing, quite apart from the risk of overlapping and counterproductive measures. That said, partnerships can complicate the process in that the partners' aims and methods may not be complementary and may trigger conflicts of interest. Partnerships therefore need to be flexible and to clearly define all the objectives, methods and responsibilities (OECD, 1993).

The public authorities very soon adopted these initiatives, incorporating partnerships in policy intervention frameworks for various reasons. In Canada,

the Community Future Development Programme was set up back in 1986 to help local communities achieve lasting economic independence, thanks to partnerships. It was based on the lessons learnt from the pilot projects introduced with effect from 1979 (Nanaimo, British Columbia and Gainsborough, Nova Scotia), which spread rapidly through Canada – witness the creation in 1981 of two Community Future Development Corporations in Quebec, in Maniwaki and the Magdalen Islands.

In Europe, the first pilot experiments with partnerships took place in Ireland in 1991. There were 12 of them, and the government set them up to combat long-term unemployment. The tests having proved convincing, financial support (backed up by European Union aid) was extended to 38 areas in 1994.² Local partnership initiatives (*patti territoriali*) were also launched in southern Italy as of 1993 (Caltanissetta, Sicily), and these were backed by legislation in 1996.

It was at this time that the European Union came to consider partnerships as a way of facilitating measures to combat unemployment and reducing development disparities, and also of stimulating the allocation of financial resources for this purpose. The partnership model put in place under the European initiative (which received special financial assistance from 1997 to 1999), i.e. the Territorial Employment Pact, is still in operation in a number of EU countries and regions, and especially in Austria, Finland,³ France, Greece, Ireland, Italy and Spain.

In these examples, although they receive support from government, the partnerships have not been created for the sole purpose of implementing a specific national programme. Yet it happens that programmes are set up to be delivered by a network of dedicated partnerships. This has been the case, in the United Kingdom, of the Single Regeneration Programme and the New Deal for Young People, in 1994 and 1998 respectively, for example. While these measures have introduced a deliberative component to service delivery, and perhaps contributed to add legitimacy to government decisions, the partnerships created can hardly be put in the same category with those where partners get together to determine an agenda and establish a strategy jointly.

A study of the local partnerships network in Ireland when it was in its infancy gave a clearer idea of the role that partnerships can play in coming up with solutions to complex problems. It showed that partnerships are models for expanding participation in the transformation of the economy and society. They have the effect of channelling participation by local actors in local development and also in framing national policies since the national authorities are informed of the lessons learnt and the questions raised at the local level. In this respect, Irish partnerships were seen as having an important role to play in prompting reforms in public administration and in adapting national objectives so that they tallied better with local needs (OECD, 1996).

One weak point that was indicated was the lack of institutional and democratic legitimacy, meaning that partnerships are vulnerable to problems of co-ordination – both horizontal (between partners) and vertical (between the partners and central government). To help partnerships to define their role and retain their capacity to innovate, a more stable action framework needs to be put in place. It has been recommended that they be made more accountable, while continuing to enjoy considerable room for manoeuvre locally. This could be achieved via a process of testing, comparing and assessing the different models of co-ordination and combinations of relations used at the local level (a process coined as ‘democratic experimentalism’ by Charles Sabel; see OECD, 1996).

The growing importance of partnerships in the policy environment drew the attention of the academic circles at the end of the 1990s and the beginning of the 2000s. Their studies have characterised further the weaknesses of partnerships as regards accountability, particularly vis-à-vis the local community (Smith, Mathur and Skelcher, 2006). They examined the impact of partnerships on participatory democracy and the tension between the latter and representative democracy as well as efficient service delivery (see, for example, Lowndes and Sullivan, 2004; Skelcher, Mathur and Smith, 2005).

Partnerships are now part of the governance framework in the majority of OECD countries. They bring together public, private and voluntary sector actors representing the State, employers, workers and civil society and are for the most part backed by central or regional government. Although there is no universal model for partnerships, a number of principal tasks are shared by them all: (1) pursuing a general objective such as stimulating economic development, promoting social cohesion and improving the quality of life; (2) endeavouring to achieve that objective mainly by increasing the degree of co-ordination between policies and programmes via the different services and levels of government, and by adapting them to the local context; (3) when the outcome of improved co-ordination is insufficient, setting up new projects and services; and (4) working at the local level to involve local actors, and especially civil society, in identifying priorities and in project development, and to harness local resources and skills (OECD, 2001).

Assessing partnership’s performance

How do partnerships perform? Are they an effective way of solving complex socio-economic problems and pursuing economic development objectives in a context of interdependence?

A study of partnerships in several industrialised countries has been conducted by the OECD to understand better what their contribution is and what mechanisms they use. It showed that the main impact of partnerships

was to be seen in terms of improved governance.⁴ It is through their efforts to co-ordinate actions around shared strategies, and through involving the different sectors of society, that partnerships have managed to achieve results with regard to entrepreneurship, workforce development and social cohesion, for example.

A question of governance

Partnerships are good instruments for encouraging the use of government measures. In view of the meagre resources⁵ at their disposal for setting up programmes and providing services, partnerships stimulate the use of public programmes likely to help them to achieve the targets set. Focussing on the final phases of the programme implementation process, partnerships work closely with the potential users of public programmes. Often through their partners from the non-profit sector or business, they help individuals to express their requests in such a way as to benefit from existing arrangements, help community-based organisations to apply for subsidies, give advice on drawing up development projects and business plans, advise target groups on existing public programmes which would suit them and circulate information on best practices.

Partnerships also seek to harmonise public programmes and priorities identified at the local level. The informal co-operation agreements and framework agreements proposed by central government in some countries make use of the advisory capacity of partnerships by giving civil society and other partners the opportunity to influence programme implementation. In this way, partnerships give public services advice on what public to target and what terms and conditions to apply to the implementation of certain programmes at the local level so as to enhance the way the latter meet local needs.

Lastly, partnerships identify and make use of all the possibilities of combining and increasing the impact of public programmes and local initiatives. Being allocated so few resources, they are prompted to look for synergies capable of maximising the local impact of the different activities undertaken on the basis of local priorities. Partnerships endeavour to convince local public, private and voluntary sector actors to put their resources into common projects.⁶

But how can it be determined whether the contribution to governance is sufficient to make partnerships an institutional instrument capable of enabling society to solve its socio-economic problems and pursue economic development targets? Is partnership the tool government and society alike need?

Local governance as a driver of growth

To answer this question, we need to reverse the problem and determine what it is in the governance framework that needs to be improved to enable us to solve problems collectively and reconcile interests more easily

in the pursuit of greater prosperity for the majority of the population. We cannot know what impact on governance is good if we do not know what needs to be improved in governance. Are there some foundations, pillars or key aspects of governance which we could use to draw up an analytical framework for assessing the performance of partnerships, or any other governance tool?

It is possible to derive such pillars from the problem of economic growth, following Giguère (2005). Among the main factors of growth and competitiveness, some are sensitive to local conditions, to the actions of local and regional actors and to situations of interdependence. This is particularly true of innovation, of skills and of entrepreneurship. What are the governance aspects that matter to the performance of these drivers of growth?

Innovation

Innovation stems from a three-phase process: knowledge generation, the sharing and diffusion of knowledge among potential users, and the application of new knowledge to the development of the product. This will normally result in a new commercial activity or the renovation of an existing one, leading to increased economic development. The various phases in the process are governed by different factors. Knowledge generation depends on the research capacities of teaching establishments and firms' R&D activities, as well as on the quality of the human resources involved in the process. Diffusion and, to a certain extent, application depend on the effectiveness of relations between the worlds of teaching, research, business and training. It follows that stimulating innovation consists of (i) facilitating the construction of a knowledge base by encouraging research activities and attracting firms using leading-edge technologies, as well as gifted researchers and students; and (ii) facilitating co-operation and co-ordination between production, distribution and the utilisation of research. In the first case, it is essential that national policies be properly adapted to local conditions. In the second, there obviously needs to be good horizontal co-ordination, which is why frequent efforts are made to set up networks of firms and local innovation systems. In both cases, it is crucially important that firms be involved in the different mechanisms.

Skills

To build a pool of skilled labour, one needs to attract talent, to support education and the transition from school to work, to upgrade the skills of the less-qualified and to integrate immigrants in the labour market. Few of these goals can be achieved by a single organisation, let alone a single government agency. In fact, pursuing any of these goals may require overcoming a policy gap. Take the example of skills upgrading: those who reintegrate into the labour market after a spell of long-term unemployment have little access to further training while they no longer qualify for employment services.

A string of local voluntary organisations strive to fill the gap that is left by national policy, but research shows that strong co-ordination with government and business organisations is nonetheless required for the actions to be effective. Strong co-ordination between government, the not-for-profit sector and local employers is also central to initiatives to integrate immigrants in the labour market. Moreover, in addition to improving the policy response to each of these issues through better co-ordination and participation, it is evident that synergies can be generated by implementing an overarching strategy that addresses all of them jointly (Giguère, 2006a, 2006b).

Entrepreneurship

The local dimension proves central to any initiative to foster entrepreneurship. The nature of entrepreneurial activity varies across local areas owing to differences in demography, wealth, education, occupation profiles and so on. Within the same country, some areas can have enterprise birth rates up to six times higher than others (OECD, 1999b). Particularly enterprising areas may confer important competitive advantages. To be effective, policies must take into account the various location-specific factors and tailor business assistance schemes to local conditions. Local and regional governments, business organisations, training service providers and economic development organisations are useful partners for governments in this endeavour. They have access to privileged information which can help adjust government programmes and have a clear influence on the business environment.

The study of how these factors of growth operate provides consistent indication as to the aspects of governance which influence their performance most. It highlights the following elements: policy co-ordination (across different areas, and mainly economic development, labour market policy, training and education, and social policy); the adaptation of policies to local conditions; and participation by the business world and civil society in shaping the measures involved. These three criteria form a concept of governance which can be used to benchmark the performance of different instruments to improve governance – partnerships, of course, but also others, such as administrative decentralisation and devolution to local governments. This concept also provides a link between these potential tools of governance and the analytical framework for policy since it is based on a relationship between governance and economic growth, a core national policy goal.

How, using this analysis, do partnerships measure up in terms of improving governance? Do partnerships succeed in improving co-ordination, adjustment and participation?

The governance effect under the microscope

The performance of partnerships in general is disappointing under this light. The impact of partnerships is closely circumscribed in terms of both time and space. Instances of programmes and projects being combined only

occur in well-defined places and on a selective basis. Usually, such projects are not reproduced or copied elsewhere, unless they are taken over under a national scheme, as has been the case in certain countries (such as Ireland). In the majority of cases, partner organisations have helped with the joint development of projects likely to meet their immediate requirements but, once these objectives have been achieved, they have lost interest in continuing to co-operate and have not been anxious to expand into other activities (OECD, 2001).

Faced with the reluctance of some major partners to commit themselves – public services in particular – partnerships driven by civil society or the social partners have raised funds and provided services themselves. Whence the coexistence of separate service structures – a phenomenon which has restricted exchanges of information and the possibilities of organisations learning from one another. Working in partnership has provided public services with very little information that they can use to improve the way they work with the population and in disadvantaged sectors. Partnerships contribute to the utilisation of public programmes, but this is a matter of service provision which does not involve any strategic reorientation on the part of the service.

Co-ordination

The main weakness where partnerships are concerned relates to policy co-ordination. Partnerships generate one-off, geographically limited synergies, but they do not make for more wide-ranging co-ordination between public service measures, or between government measures and those taken by the private sector and civil society. Partnerships have revealed links between such activities as economic development, employment and skills, and social inclusion, but the signs pointing towards genuine co-ordination only appeared once the various action frameworks had been merged and the roles of the different actors had been renegotiated at central level.⁷ In the absence of any opposite number where action at national level is concerned, partnerships have not contributed to improved co-ordination. With regard to public services participating in joint schemes, this has been possible mainly as a result of a personal commitment on the part of agents with budgetary margins.

Adaptation

Partnerships rely to a considerable extent on using public mechanisms to achieve their objectives, and this is certainly the way they have had the greatest impact. In so doing, they have accentuated the geographical shift in the use of the different measures available, whether the latter derive from the regional, central or supranational level (i.e. the European Union). Partnerships have helped in this way to adapt government policy to local conditions and requirements, though this adjustment has related only to identifying the appropriate measures for circulating information and bringing users and

providers closer together. In some cases, thanks to framework agreements drawn up at national level (again, as in Ireland), partnerships have been able to go further and change the way certain programmes are implemented (targets, target groups, eligibility, deadlines etc.), but such cases remain an exception.

Participation

In the vast majority of cases, partnerships have involved the three main groups of actors in their strategic exercises and decision-making processes: the public sector, the private sector and civil society. What this participation means is that individuals belonging to each of the above groups have taken part in the exercise, the degree of representation varying and being different for each group. In the majority of cases, civil society representativeness has been low (with frequent cases of self-appointing NGOs and the absence of elections), which is an obstacle to public sector participation and commitment. Besides, while civil society participation may have been seen as an opportunity in absolute terms by its representatives, the scale of public and private sector participation is determined rather by more immediate needs.

Despite the fact that partnerships may in some circumstances enable local communities to find satisfactory answers to their needs, they are not a panacea that can be recommended to governments as a way of solving present-day economic and social problems. In particular, partnerships do not solve problems of intersectoral co-ordination, which constitutes one of the most fundamental governance issues pertaining to socio-economic development today.

Outlook for the future – greater flexibility

Co-ordination is tricky, and certainly the most complex aspect of governance. As Pressman and Wildavsky put it so aptly over 30 years ago, already 'everyone wants coordination – on his own terms'.

While co-ordination at national level requires a great deal of political courage and energy, ensuring co-ordination further down the line, at local and regional levels, requires innovation: what is needed is greater flexibility in the management of policies and programmes. This does not mean to devolve power, let alone to delegate responsibility to other partners. Research has shown that decentralisation is not a necessary condition for policy co-ordination. Efficiency and accountability requirements in a decentralised framework may mean that more flexibility to adapt policies to particular situations will not be allowed, with the public service officers merely permitted flexibility in choosing ways to attain a predetermined target (Giguère, 2003).

Rather it means, in a management by results framework, the possibility to alter the targets in a way that suits broader concerns, strategies and projects locally in each implementation area. This does not require the

establishment of a formal partnership, but certainly that of a local accountability relationship, with the action of civil servants and public representatives being scrutinised by their partners from the private and civil society sectors as well as by colleagues from other public policy areas. This is the only way to take a strategic orientation to policy that is coherent with the overall policy environment, and to stimulate innovation in the policy implementation process (beyond the service delivery aspects). Local and national targets are to be reconciled if the locale is to contribute optimally to economic growth and wealth creation in an open and integrated economy.⁸

It is useful here to emphasise that the strategic orientation of programmes in the implementation area is only what matters when it comes to ensure co-ordination and adaptation. The delivery of services is not an issue here, and this function can be carried out through the most efficient means (e.g. through delegation to the private sector if needed). More flexibility does not need to come at the expense of a loss of accountability or reduced efficiency in service delivery. If at all, accountability should increase owing to the addition of a local accountability relationship to the vertical one.

Outlook for the future – building in the human factor

While work is on to identify the mechanisms that the State should employ to improve governance, evidence shows that partnerships remain an essential instrument in conditions of interdependence.

Partnerships are prominently active on two topics of crucial importance for economic and social development in our globalised economies: skills upgrading among unskilled workers and the integration of immigrants in the labour market (OECD, 2006a, 2006b). Meeting these two challenges will involve contending with some major governance issues. Where skills upgrading is concerned, there is at present a gap between the public employment services, which restore the jobless to employment, and the vocational training system which benefits almost solely those who already have a certain skill level. The result, as was discussed before, is that unskilled workers re-entering the labour market remain in a precarious situation – unable to acquire the skills which would enable them to remain in work, to progress and to improve their standard of living. In the second case, there is a similar void between migration policies and integration policies, the latter frequently being too general and failing to meet the problems specific to immigrants and their families. The consequences of this sort of mismatch have become obvious with the recent unrest in certain Paris suburbs and elsewhere and mounting extremism in a number of countries.

In both cases, answers are being found at the local level, usually in the form of partnerships. The latter produce and analyse the necessary information, connect the business world and target groups to programme managers,

convince businessmen to participate in various initiatives, apply skills assessment tests designed in co-operation with firms to identify shortcomings and increase employees' and employers' interest in investing in training. The partnerships evolving in these different contexts do, nevertheless, suffer from the governance failures identified previously and, in this sense, are not the ideal solution to the emerging problems. Without them, however, no answer would have been forthcoming. In these particular examples, whatever the degree of generosity, comprehensiveness and user-friendliness of the vocational training system in a given country, the trigger for skills upgrading action to happen locally or in a firm is the presence of individuals who possess the right knowledge, capacity and entrepreneurial skills, characteristics that are typically encompassed by partnerships, who play the role of 'civic entrepreneurs' (Eberts and Erikcek, 2001).

What this shows is that a major aspect inherent in governance is the human factor. Providing a suitable response to today's economic and social problems, in a context of interdependence, certainly requires more flexible management frameworks because no governance structure provides the necessary co-ordination. But whatever type of answer needs to be produced, more than ever there is a human dimension to these action frameworks, with local capacities playing a central role. Managing public policy today requires talents in innovation, experimentation, persuasion and task management. This means that public authorities have a duty to strengthen capacities at the local level, among staff in their agencies and within the broader community.⁹

Conclusion

The changing governance of our societies and economies has not only emphasised the importance of interdependence and networks but also introduced new needs for which not one organisation has the responsibility to respond. It is impossible to evaluate partnerships, or any other governance structure, without first understanding these needs and their implications for the broader governance of our society and economy. In this chapter, we have suggested taking an outcome-based governance perspective, drawing on economics to understand governance within a framework that is consistent with wider socio-economic concerns. This allows a greater understanding of the links between emerging governing structures and broader goals that are consistent with the aspiration of our societies within a globalised economy.

This approach also allows us to focus on public policy and governing structures as two sides of the same coin. The same reasons that lead us to examine new forms of governance are forcing us to revisit policy. Both policy and governance are linked. For society to make real progress today on economic and social development objectives in a context of interdependence, policy trade-offs will need to be managed at the same time as

new ways of working are proposed. Separating the two can only lead to disappointing results. This is why it is important to close the theory gap today.

Notes

1. According to most estimates, world output is currently growing at a rate close to 5 per cent, with the contribution of emerging economies to total world growth outpacing that of the industrialised countries.
2. The network is due to be expanded to cover the whole national territory in 2008, with the total number of partnerships to reach a range between 60 to 70.
3. In Finland a network supported by government was significantly streamlined in 2001.
4. Thanks to its committee structure, the Organisation for Economic Co-operation and Development has had the opportunity to witness the emergence of the new practices in the field and track the changes over time. The Paris-based organisation reports to around 40 committees, one of which is devoted to local economic and employment development (the LEED Directing Committee), founded in 1982. In 1998, the OECD and its LEED Programme published a report entitled 'Local Management: For More Effective Employment Policies' which showed the importance of local governance issues when it comes to improving the effectiveness of national policies. The report highlighted two instruments which appeared to have the potential to impact on local governance: decentralisation and partnership. An applied research programme on local governance and employment was launched subsequently to look more closely into the usefulness of these two instruments. While two reports published in 1999 (OECD, 1999a) and 2003 pointed to the limits of decentralisation, a study of over 50 partnerships in 14 OECD countries was conducted between 1999 and 2004.
5. Partnerships involved in employment issues receive on average 3 per cent of the national budget for active labour market policy (OECD, 2001).
6. It follows that the main contribution made by partnerships – on governance – should not be looked at in terms of policy output results. Yet this mistake is frequently made, with partnerships justifying their existence by showing the number of jobs or enterprises they contributed to create. The upshot is that those policy results are likewise reported by the member partners, in particular the public services whose programmes have been used in this endeavour. Partnerships reporting on output results therefore lead to double accounting, which undermines the whole accountability framework for partnerships. Evaluating governance outcomes is much more appropriate, though it is a difficult exercise (Giguère, 2002).
7. Such developments have occurred on rare occasions. In 2000, the Irish government has merged the partnership-run Local Employment Service network with the national employment service (FÁS). In 1998, the Flemish government in Belgium convened the social partners to redefine their role and that of the government in the supervision of labour market and social policy, a process that resulted in broader and reinforced local partnership structures (OECD, 2001).
8. The applied research programme on local governance and employment conducted by OECD LEED recently undertook to examine the question of co-ordination and flexibility. A project due to report in 2008 is looking more especially at the integration of employment, skills and economic development – a vital nexus for

economic prosperity in our knowledge-based economies. The policies and initiatives implemented in the sectors of economic development, the labour market and vocational training are often those that have the most impact in the field, being generously endowed in terms of financial resources and expertise and being most closely connected to the issues of concern to the population. They represent an excellent research laboratory for questions of co-ordination, and the lessons may also be applicable in other policy areas as well. The project will attempt to assess the contribution that the administrative framework, local capacities and governance structures make to the degree of integration, and will seek to determine the best ways of encouraging co-ordination.

9. It is in recognition of the importance of the human factor in the implementation of current public policy that the OECD set up the Forum on Partnership and Local Governance in 2004. The purpose of the Forum is to encourage exchanges of experience between local partnerships internationally and enhance capacities by means of thematic workshops and sessions targeted at the needs of practitioners and local managers. The same reasoning is behind the establishment in 2003 of the OECD LEED Trento Centre for Local Development (in Italy), the object of which is to bolster local development capacities in the countries of Central and Eastern Europe.

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4

Understanding the Realities of Collaborative Networks in the United States

Myrna P. Mandell

Introduction

Networks have become such an accepted part of our understanding of how public programmes and policies can be achieved that we have almost taken them for granted. Although they have not replaced our bureaucratic institutions and hierarchical, authoritative ways of operation, they surely now stand alongside of them. Unfortunately, this general acceptance has often turned into an idealistic complacency, one in which our focus is more on the promises of networks, rather than the realities of them. The end result of this has been failures that could have been avoided, learning opportunities missed and an increasingly 'bad name' for networks. Of particular note are the problems that arise in collaborative networks.

The purpose of this chapter is to try to address these negative consequences in collaborative networks, turn them into challenges that can be overcome and provide a way to build a more solid foundation on which to extend and enhance our use of networks. To do this, collaborative networks are first defined and a distinction is made between what is meant by a collaborative network and other types of networks. In the next section, the processes that go on in collaborative networks are described. This leads to a discussion of the differences between the ideals and the realities in this setting. In the final section the leadership and skills needed to be able to work effectively in collaborative networks are described. Discussions of two case studies are included to exemplify the points made.

Understanding the different types of networks: The '3 Cs'

The term network, as used here, refers to linkages that occur in organisational and professional settings rather than to personal types of networks. In the literature and our discussions of networks, we often refer to them as collaborations (Agranoff, 2003; Agranoff and McGuire, 2003; Alter and Hage, 1993; Bardach, 1999; Kamensky and Burlin, 2004; Kickert, et al., 1997;

Koppenjan and Klijn, 2004; Lowndes and Skelcher, 1998; Mandell, 1994). Although networks are ways of different organisations, groups and individuals to work together, to refer to all of them as collaborations muddies the water (Mandell and Steelman, 2003). Instead, a distinction has been made among three different types of networks (Keast et al., 2007). They are cooperative, coordinative and collaborative.

Cooperative networks occur in a variety of settings and only involve a sharing of information and expertise. There is very little, if any, risk involved in the transactions. Each participant remains independent and only interacts with the others when necessary. This is the case, for instance, with professional social workers that routinely exchange information about best practices and methods for dealing with their clients.

Coordinative networks occur when organisations feel the delivery of services is not as efficient as possible and it is in their best interests to find ways to integrate existing services among all organisations involved in their delivery. In a coordinative network, organisations, groups and individuals go one step beyond merely exchanging information and knowledge. They interact with each other in order to better coordinate their individual efforts. They still remain independent entities, but are willing to make changes at the margins in the way they deliver their services. Most of the literature on networks is based on these types of interactions (Agranoff, 1990; Alter and Hage, 1993; Bardach, 1999; Goes and Park, 1997; Gray, 1989; Mandell, 2001; Provan et al., 1996; Radin et al., 1996). Most prevalent is the work of Provan et al. (1996) on networks in the mental health arena.

Collaborative networks are only appropriate if there is a need for participants to come together to solve a complex problem or problems that they recognise they cannot solve on their own. In a collaborative network the participants are interdependent. This means they know they are dependent on each other in such a way that for the actions of one to be effective they must rely on the actions of another. This goes beyond just resource dependence, data needs, common clients or geographic issues, although these may be involved. It involves a need to make a collective commitment to change the way in which they are operating. In other words:

... in essence, the network itself is conceived as a management tool, and management techniques that make use of the network are utilised rather than techniques that just try to manipulate, coordinate, and/or otherwise maneuver through individual organisations.

(Mandell, 1994: 107)

This means that they can no longer only make changes at the margins in how they operate. Instead, they will be involved in actions requiring major changes in their operations. These may range from deleting or changing their rules and regulations to agreeing to give up or take on new responsibilities in

carrying out their operations. The risks are very high. Participants must be willing to develop new ways of thinking, form new types of relationships and be willing to make changes in existing systems.

Since relationships in a cooperative network are at an arms length and continue to maintain the status quo, there is little difficulty in maintaining relationships in these types of networks. Although difficulties can and do occur in coordinative networks, since participants are only concerned with changes at the margins and remain independent, if these difficulties arise they can either easily be addressed or ignored. The participants still consider themselves independent and if the network falls apart, the cost to the participants is not great. They are still able to easily continue with their existing operations individually and deal with each other bilaterally without the larger network.

It is in the collaborative networks, that when difficulties arise, the consequences are great (Keast et al., 2004; Mandell, 1994, 2001). Since participants join these types of networks because they feel they must work with the other participants in order to solve their most complex problems, if they cannot correct their difficulties and the network falls apart, the costs are very high. This is because although they can go back to their usual operations, these operations are not working. To avoid this, we first need to have a full understanding of the uniqueness of collaborative networks. In the next section, therefore, the processes that delineate a collaborative network from the other two types of networks are presented.

Processes that occur in a collaborative network

A critical point about collaborative networks is that they are only formed when there is a complex problem or problems that cannot be solved by any one participant or by merely coordinating existing ways of operating. All participants must first recognise their interdependence on each other and their need to make major changes in their operations. A key characteristic of a collaborative network is therefore that the purpose is not to develop strategies to solve problems per se, but rather to achieve the strategic alignment among participants that will eventually lead to finding innovative solutions. A collaborative network is not about accomplishing tasks, but rather finding new ways (by developing new systems or designing new institutional arrangements) to get tasks accomplished. This does not mean that tasks are not accomplished in collaborative networks. Rather, it means that the focus is on the processes and institutional arrangements used to accomplish tasks, not on the activities needed to get work done (Agranoff and McGuire, 2001a, 2001b; The Annie E. Casey Foundation, undated; Boorman and Woolcock, 2002; Cordero-Guzman, 2001; Keast, 2001; Keast et al., 2007, 2006 Under Review; Mandell, 1994, 2001; Steelman and Carmin, 2002).

The emphasis is on the need to learn new ways of behaving and dealing with each other. To do this will require a high level of trust among participants. This does not happen automatically or overnight. It will take a lot of time and effort to develop. New rules of behaviour (Koppenjan and Klijn, 2004) will need to be developed that are based on flexibility and the norm of reciprocity (Agranoff and McGuire, 2001a, 2001b; Keast et al., 2004, 2006; Mandell, 1994, 2001; Schimank, 1988). Although a collaborative network may be set up by a government mandate or a grant by a foundation, it is not the formal requirements that keep the collaborative network together, but rather the ability to build mutual goodwill among the participants.

There will need to be a commitment to the whole not just to the individual organisations and groups represented in the network (Agranoff, 2003; Keast et al., 2004; Mandell, 1994, 2001). Although the participants may have joined the network because they recognise they cannot solve the problem(s) by themselves, their commitment to serve and protect their own organisations and groups does not disappear. This means that there will not only be conflicts within the network among the participants, but there will also be conflicts between the participants and the organisations and/or groups they represent. In addition, there will also be conflicts between those in the network and other external stakeholders. All of these conflicts will need to be resolved if the network is to operate effectively.

Finally there will need to be an understanding that all members of the network have the right to have an equal say in the decisions of the network, including those with limited resources and capabilities (Agranoff, 2003; Mandell, 2001; Montgomery, 2004). The focus needs to be not only on the worth of all participants, but also on the need to include them in order to find more innovative ways to solve the problem(s) for which the network was established. This will involve a learning process and perhaps the need for training programmes to bring everyone up to the same level (Keast, 2001; Keast et al., 2004).

These types of networks fail for many reasons, but two issues deserve to be highlighted. The first relates to whether a collaborative network is actually necessary. Many participants merely want to share information or coordinate existing efforts. If this is the case they should not be involved in a collaborative network. The second issue relates to the need for the participants to recognise the impact of meeting the concerns not only of the participants in the network, but those of their parent organisations and also of the external stakeholders. This involves the need to not only share resources, but to be able to change the ways their organisations now operate and to be willing to give up (at least some) power (Keast et al., 2004).

The two cases presented in this paper reflect these processes, and how an understanding of them (or lack thereof) can lead to an effective (or ineffective) effort. A brief overview of each case is first presented.

Case study: New Futures for Dayton Youth (NF)

Dayton, Ohio, is located in the midwestern section of the United States. It is a city of contradictions. It has been chosen as a Model City and is also listed as the ninth poorest city in the county with the third highest crime rate per capita in the State. It has a long history of citizen participation and government programmes. NF was a network of youth-serving agencies and community leaders. It originated in 1988 with an experimental grant from the Annie E. Casey Foundation. The grant was a response to the high number of teenagers dropping out of school and leading unproductive lives. It was meant to adjust systems – schools, health, human service agencies, criminal justice and other major actors – to produce more favourable outcomes for young people. The grant was secured by the City Manager of Dayton, who provided the leadership and insured that the effort included the heads of all the agencies involved in serving families and youth mentioned above. In some cases both county and city agencies were involved. In addition, representatives of the university and community college, United Way, the township trustees, businesses, neighbourhood board representatives and citizen activists were included. It was involved in a number of school interventions as well as a non-school based integrated programme to attack truancy.

A key feature of this case was the emphasis of the foundation on ‘... challenging communities to design comprehensive system reform rather than add programmes ...’ (Annie E. Casey Foundation, undated: 1). According to the foundation the reform ‘... would require simultaneous changes in many youth-serving systems as well as changes in relationships among these systems’ (p. 2).

NF evolved out of other collaborative work done in the Dayton area. In fact, at that time the community was well known for its many efforts in this regard. In the first phase of the effort the participants worked directly with three pilot middle schools. In this phase, the focus was on enhancing the direct schooling of the targeted children and then linking them with needed services. In a second phase, the effort was meant to expand the scope of the programme beyond the school system. In this phase, there were a number of initiatives to develop integrated services among the major agencies involved, and a number of interagency agreements were signed.

Case study: The Water Forum

The Water Forum is located in Sacramento, California. Sacramento is in Northern California and is the capital of the state. The American River is a key water resource in the Sacramento region. The Water Forum was convened by the Sacramento City–County Office of Metropolitan Water Planning, the two largest water purveyors in the region, to negotiate an agreement on how to manage the water supply for the region and also preserve the habitat.

The initial meetings were held in 1993. They included the City and County of Sacramento, environmentalists, businesses, agricultural leaders and citizen groups. In 1995 water managers for the counties of Placer and El Dorado joined them. The reason they came together was because, although there were many interested parties working on various solutions to the water problems in this area, they were solutions pursued by individual groups with their own objectives. In many cases, there was competition among these groups that led to a number of lawsuits.

In order to break the resulting gridlock, the City and County of Sacramento decided to convene the Water Forum to try to reach an agreement with these diverse groups. The representatives of the groups spent six years trying to negotiate an agreement. They conducted many hours of research, debate and discussions into the causes of the gridlock and finally agreed on principles that would guide the development of the region. Throughout this time the representatives presented draft proposals to their boards in order to insure their continued feedback. The Water Forum also conducted numerous meetings with community groups such as chambers of commerce, citizen advisory councils, civic groups, resources agencies, state-wide environmental groups, and federal and state water users.

All of the agreements made over these six years are contained in a Memorandum of Understanding (MOU) for the Water Forum Agreement. This MOU was signed in January 2001 by all of the stakeholder organisations.¹ The agreement is based on two, coequal objectives:

Provide a reliable and safe water supply for the region's economic health and planned development to the year 2030;

AND

Preserve the fishery, wildlife, recreational and aesthetic values of the Lower American River.

According to the Water Forum website, the MOU provides 'overall political and moral commitment to the Agreement'. Other contracts, authorities and similar actions will supplement the MOU. The agreement commits the signatories to work together on the continuing and new water issues over the next 30 years.

These two cases reflect the importance of facing the differences between the ideals and promises of a collaborative network and the actual realities. These differences are highlighted in the next section.

The ideals and realities

In our desire to collaborate through networks we tend to idealise the benefits and minimise the costs we will encounter. What is needed is a way to see both.

Several key areas of concerns are included in the literature that highlights this need (Agranoff, 2003; Keast and Brown, 2002; Keast et al., 2004; Koppenjan and Klijn, 2004; Mandell, 1994, 2001; Montgomery, 2004). Of particular concern are those areas that relate to issues of power, communication and building new relationships. Table 4.1 provides a synopsis of these key areas and the differences between the corresponding ideals (what we hope to accomplish) and the realities (what is actually accomplished).

In general the difficulty is that we would like to believe that networks solve all the problems we encounter in bureaucracies. This, of course, is not the case. Although participants in a network are considered equal partners, this does not mean that there are no power differences. George Orwell's insight in the book *Animal Farm* (1946) that 'all animals are created equal, but some are more equal than others' is relevant here. Depending on how the network is formed, the power differences will be more or less obvious. If the network is mandated by a government agency or funded through a foundation, that agency or foundation will be perceived to be able to exert more power in the network (or give power to specified participants) than the other participants. If the network is not mandated by a government agency or funded by a foundation, some members will still feel they have more

Table 4.1 Differences between key ideals and realities in a collaborative network

Key issues of concern	Ideals	Realities
Create an equal partnership	Remove the negative effects of bureaucracies	Some participants are more powerful than others Imbalances don't go away Need to protect turf
Build new relationships	Commitment to the whole, not just to individual organisations Willingness to be flexible Accept long time frames needed to build new relationships	Time constraints Need to show results Commitments limit organisational flexibility More comfortable with traditional roles and behaviour
Good communication and transparency	Everyone will be completely open and honest with each other	Completely open communication is hampered by – Parent organisation's policies and procedures – Political expediency Not all issues can be communicated openly

Note: This table has been adapted in part from information contained in the article by Montgomery, 2004.

expertise or resources than the other members, and therefore try to exert more power over the other members (Annie E. Casey Foundation, undated; Mandell, 2001).

Although building relationships is essential in a network, this will take a long time to establish. In many cases, there will be pressures on the participants, both from their parent organisation and other external stakeholders to show results quickly. In most cases, consideration is not given to the need to take the time to establish new relationships. When it is, however, the results can be dramatically different (Keast et al., 2004).

Participants also come into a network with their own baggage. They not only need to be committed to making the network work, they are also obligated to protect the interests of their parent organisation. This means that they are just as interested in protecting their turf as they are in trying to make accommodations to the other participants. They have to be willing to take risks and these risks do not automatically disappear just because they are now partners in a network. The difficulty is that expectations and consequences need to be dealt with up front but most often this does not occur (Keast et al., 2004).

Participants also are used to behaving in a certain way in their individual organisations or groups, but they will need to learn new types of behaviour when trying to collaborate through a network. Working through bureaucratic rules and procedures, applying professional norms of taking care of others, and operating through a market model of efficiency and getting tasks accomplished quickly may work well in their individual organisations, but will lead to difficulties in a network. For instance, professionals in a network can no longer take care of others. Instead they will need to learn to allow them to participate as an equal and in essence, take care of themselves. Participants used to accomplishing tasks quickly will need to learn to focus more on building relationships which will be time consuming and difficult. In addition, participants need to be committed to the whole, not just to their individual organisations. What will be needed at a minimum, therefore, will be the ability to adapt behaviour. More likely participants will need to change their behaviour considerably which will result in being very uncomfortable, at least at the beginning stages.

Taken altogether, the realities reflect two key issues. One issue refers to the difference between working through an individual organisation and working through a network. The key to understanding a collaborative network is that although the realities are different from the ideals, these realities are still different from the realities that occur in a single organisation. For instance, although power still exists in a network, it cannot be arbitrarily exerted based on being 'in charge'. Power in a network is based more on trust and relationships than sheer authoritative power (Agranoff, 2003; Mandell, 1994). Although members with authority to make decisions may be at centre stage in a collaborative network, by definition they are in the

network because they know they must rely on others to accomplish anything. Therefore, those people who have the expertise needed to build new types of relationships and those with a reputation for good organisational/leadership skills across organisations will have as much power, and sometimes more than the participants with any formal authority.

This does not mean that some participants may not behave in an authoritative manner, but this type of behaviour, if continued, will mean that participants will leave the network causing it to eventually be disrupted, at a minimum, and/or disbanded. In addition, the participants remain members of their own organisations at the same time as they are members of the network. This means that if participants feel threatened in any way, they still have the ability to walk away from the network. Unlike a similar action in their own organisations, this will not result in their losing their positions, but it may result in the ultimate collapse of the network.

This leads to the second issue, which is that a collaborative network is not made up of whole organisations, but rather representatives of individual organisations or groups (Hjern and Porter, 1981). Participants must still follow the orders of their parent organisations as well as still being responsive to their individual stakeholders. To do this may result in limiting their honesty and ability to communicate freely. The way they behave in their own organisations will be more comfortable than the way they will need to behave in a network and it will be difficult, at best, for participants to make the changes in their behaviour that will be needed.

The impact of the differences between the ideals and the realities in a collaborative network, along with the processes that occur within a collaborative network, can be seen in the two case study examples.

A case of collaboration failure

On paper NF was very promising. In fact, the heads of the key public agencies met and agreed to make major efforts resulting in the way they operated and handled problems resulting from school truancy. The difficulty arose because the grant named the School District as the lead agency and the funding was funnelled through that agency. The superintendent of schools therefore saw the thrust of the programme as improving school programmes dealing with truancy.

In this case, the school superintendent resisted cooperation with NF when the project moved from school-centred programmes to services to non-school-based integrated services. The superintendent apparently felt that based on his central position in NF (i.e., the grant that supports NF centres on interventions in the middle schools), his refusal to cooperate would result in a change of focus back to school-based programmes. Instead, the key agency directors formed a coalition to try to withstand the school superintendent's objections to the collaborative, non-school-based services. Although the superintendent remained a key player in NF (primarily

because of the requirements of the grant), the coalition of the other key players became the core group of participants in this programme.

A good part of the problem was the way the foundation set up the grant. One of the difficulties was the breadth of the grant – to include: ‘... better outcomes for youth, restructuring community decision-making, greater local awareness of the needs of at-risk children, development of improved methods of measuring the well-being of children and improvement of service delivery’ (Annie E. Casey Foundation, undated: 3) meant that the heads of the different agencies in the network could, if they wanted to, only focus on what was needed for their particular organisation. This is, indeed, what the school superintendent did.

In addition the foundation required that certain goals which focused on improving, at a minimum, high school drop-out rates, increasing graduation rates and minimising school truancy, allowed for ‘...a disproportionate and almost categorical emphasis on school improvement and drop-out prevention strategies instead of broader systems reform’ (Annie E. Casey Foundation, undated: 3). The school superintendent again took advantage of this and insisted that only improvement to the school system should be paid for by the grant.

Over time, however, the effort required major changes in the school system and the superintendent was unwilling to do this. As a result, the collaboration eventually failed.

A case of collaboration success

Because of their long-standing conflicts, the stakeholders agreed to conduct their meetings as a formal mediation process. The process they used is called interest-based negotiation. It is based on focusing on the underlying reasons (‘interests’) of the parties involved, instead of on their demands (‘positions’).

The representatives of the Water Forum decided that unless they followed-up on the agreement, it would fall apart. In addition, they recognised that there would be many changed circumstances that could have an impact on the agreement. They therefore decided to form the Water Forum Successor Effort in order to maintain their commitment for the next 30 years.

The current Water Forum is actually the Water Forum Successor Effort. It conducted a five-year review of its efforts in February 2006. This evaluation is required as part of the agreement. Based on a survey of stakeholders, this evaluation showed the following:

- over 95 per cent of respondents indicated support for continuing practice of addressing ‘changed conditions’;
- 80 per cent of stakeholder respondents concluded that the implementation of the Water Forum Agreement over the past five years has been good or better; and
- 76 per cent felt the Water Forum Successor Effort is meeting the needs of their interest group or organisation.

In addition, the Water Forum also completed the first Lower American River Report: The State of the River. This report covers five key areas of management of the river:

- managing the river to protect habitat;
- maintaining and improving habitats near the river;
- meeting water quality goals and regulatory standards;
- stabilising levees and controlling erosion; and
- communicating and collaborating with key stakeholders.

All of the signatories have continued to work together to implement the agreement. They have achieved a number of accomplishments including improving the flow of water, regional conservation efforts and expansion of groundwater management.² Currently the Water Forum extended its interests to work on behalf of the Cosummes River. The City and County of Sacramento created and financially supported the initial effort.

Currently there is a plenary that works on policy and includes all the members of the Water Forum. There are two standing committees: the coordinating committee and the conservation committee. In addition, there are standing caucuses representing each of the major interest groups. These are business, environmentalists, water purveyors and the public. All of the committees report to the plenary.

It is clear from these two cases that although both were collaborative networks, the results in them were very different. These differences relate to the leadership and skills needed to insure the effectiveness of a collaborative network.

Leadership and skills needed

Leadership in a collaborative network relies first and foremost on recognising the differences between working through a single organisation and working through a network. For instance, leadership in an individual organisation implies that there are followers. In a collaborative network this is not the case (Feyerherm, 1995). Although in reality participants may not be equal partners neither are they in a superior/subordinate relationship. They are more in a horizontal type of relationship rather than a vertical one. Leadership in this type of setting therefore cannot be based on more traditional leadership modes. Leaders in this setting cannot rely on authoritative power (Agranoff, 2003). Instead Agranoff and McGuire (2001b) indicate that what is needed is 'power to' rather than 'power over'. In other words, leadership in a collaborative network relies more on knowing how to facilitate and influence others rather than being able to manipulate them. This has been referred to as horizontal management rather than vertical management (Agranoff and McGuire, 2001b).

This relates to a second major difference in networks that relates to power. The key to understand in a network is that although power does exist in a

network, it is different than the power that exists in a bureaucracy. It is not just based on having more resources or expertise, but also on how well a participant is able to build new relationships and to capitalise on these relationships (Agranoff, 2003; Keast et al., 2004; Mandell, 1994, 2001). It is the ability to build new relationships and capitalise on these relationships that is at the core of what is needed in a collaborative network. This ability has been referred to as 'netiquette'.³

Netiquette includes:

- an emphasis on communication;
- respect for each other's autonomy;
- limiting claims on scarce resources;
- reciprocity – sharing strategies and tactics with others; and
- negotiation, dialogues, conflict resolution.

The literature on networks places a great deal of emphasis on building trust and reciprocity (Agranoff, 2003; Agranoff and McGuire, 2001a, 2001b; Cordero-Guzman, 2001; Keast et al., 2004; Kickert et al., 1997; Koppenjan and Klijn, 2004; Mandell, 1994; Montgomery, 2004). What is needed is to be able to allow participants to contribute to the network for their own reasons but with at least a working consensus (Schimank, 1988) on the basic issues. According to Mandell (1994: 117):

... there must be agreement by the members on both the need for the [collaboration] *and* the idea that each one's way is not the only way to achieve the programme's implementation. To do this, people have to, in effect, be able to step into each other's shoes.

Another critical skill is to convince participants that it is in their benefit to not only work on behalf of their own organisations but to work on behalf of the network as a whole. This can be achieved in two different ways. The first one is based on the ability to reduce the costs and risks involved in not 'going it alone' (Koppenjan and Klijn, 2004). At the outset participants need to set out an explicit agreement as to what will be their roles and responsibilities in the network. In this way, members can feel that they will all share in the risks involved in operating in new ways. To accomplish this, the costs (money, time and energy) as well as the political realities (compromises needed) will need to be addressed (Keast et al., 2004; Mandell and Steelman, 2003).

The second way to get buy in from the participants relates to the political realities and the fact that participants are also members of their individual organisations and groups. There is a need therefore to focus not only internally (on the network) but externally as well. Participants need to understand and deal with '... the interface between representatives of organisations in interaction arenas and their constituencies and parent

organisations' (Koppenjan and Klijn, 2004: 202). The key is to be able to secure the support of key players in the external environment, including key members of their own organisation and the stakeholders whom the members of the network represent, as well as the political bodies who must continue to support the efforts of the network.

While these skills may not be able to completely eliminate the realities of working through a collaborative network, they will result in the ability to overcome many of them, or at the least, to mitigate their impact. On the other hand, not recognising the need to act in a different way in a collaborative network may lead, at a minimum, to its not being as effective as possible and/or at the other end, to the failure of the effort entirely. These different outcomes are clear in the two case studies presented.

Conclusion

Although working through networks has become widely acknowledged and accepted, there is a need to distinguish between different types of networks. Three different types have been distinguished: cooperative, coordinative and collaborative networks. There are major differences among these three types that have an impact on the effectiveness of networks. In a cooperative network, the participants basically remain independent and only interact to share information and expertise. This is a very easy and comfortable arrangement for the participants. Although in a coordinative network, the participants are more dependent on each other, their dependency is only on how best to integrate their existing services. They do not need to make any major changes in their operations to achieve this. In both of these types of networks, the risks will not be very great and although they may be considered effective, they will not lead to any kind of major changes in how problems are solved in the long term.

It is within the collaborative networks that deal with complex problems and focus on changing the way individual organisations operate where the greatest risks occur for participants. Participants can no longer remain independent and deal with each other at an arms length. Instead, they will be required to look at how they can make changes (often major ones) in the way they now operate. These networks will have the greatest problems and their effectiveness may be questioned in the short term. In the long term, however, if the participants are willing to take the risks involved, more innovative solutions to very complex problems can occur in the long term.

To allow participants to accept these risks, there is a need to better understand the uniqueness of collaborative networks. This relates to learning new ways of behaving, having a commitment to the whole and treating all participants equally. This, of course, is not easy to accomplish. Part of the problem is that we tend to idealise the benefits of collaborative networks and ignore, or overlook, the realities. These realities relate to issues of power,

dealing with parent organisations and external stakeholders and the time it will take to change behaviours and build new relationships.

Two case studies presented in this chapter highlight the importance of understanding these realities. In the NF case a key player refused to accept the other participants as equal partners and focused only on solving problems relating to his agency. In the Water Forum, on the other hand, participants recognised the need, from the very beginning, to work differently. This does not mean that this came easily for the participants in the Water Forum. In the beginning stages of this effort, participants were sceptical about dealing with each other. Indeed many of these participants had been involved in lawsuits with each other. Nevertheless, they recognised, from the beginning, the need to do things differently or nothing would ever be achieved. This was reflected in their willingness to spend countless hours developing new relationships and focusing not on their own individual needs, but on building a new whole. They also recognised the need to keep their parent organisations, as well as external stakeholders informed in the process. As the process developed, they recognised points of agreement among themselves and were able to develop pockets of trust on which they built their new relationships. They also recognised the need to make a formal commitment to these new ways of working through a MOU that was not only signed by the members of the network, but by their parent organisations as well.

The end result was that the NF programme fell apart and participants were not able to make the kinds of systems changes envisioned in the original grant. In the Water Forum, however, the effort has continued to the present day and participants are committed to working together for up to 30 years. The effectiveness of this effort was recently highlighted in an evaluation in which the overwhelming majority of participants rated the Water Forum as successful.

The key is that collaborative efforts, to be effective, will require a long time frame, up front, in which to allow participants to develop new ways of behaving. The accepted ways of behaving in the bureaucratic and professional organisations that the participants may represent will no longer be an effective mode of interaction. Those from bureaucratic agencies will need to learn that rules and regulations are not the way things get done in a collaborative network. Professionals will need to 'let go' of their protective behaviour and allow all participants (many of whom may be their clients) to work alongside of them as equal partners. Business representatives will need to learn that being efficient in the short term is not as critical in a collaborative network as building new relationships in the long term. All participants will need to recognise the difference between vertical management (decisions made by authoritative, hierarchical means) and horizontal management (decisions made by all participants in an equal manner). It is recognising these differences in operating through a collaborative network

that will make the difference in whether a collaborative network will be effective or not.

The question of whether working through a collaborative network really makes a difference has often been raised (Agranoff and McGuire, 2001a, 2001b; Provan and Milward, 1995, 2001). The difficulty is that this is not the appropriate question. Instead the question to be raised is whether those who decide to set up networks or are operating in them understand the impact of the unique nature of these efforts and the extent to which they are willing to take the risks to mitigate them. As the two case studies clearly point out, when this can be done, working through a collaborative network can indeed make a difference.

Notes

1. According to the website of the Water Forum, four water suppliers did not commit themselves initially to the agreement. They are Arcade Water District, El Dorado Irrigation District, Georgetown Divide Public Utility District and the Rancho Murieta Community Services District. In addition, three water suppliers decided not to participate in the Water Forum. They are Arden Cordova Water Service, Elk Grove Water Works and Fruitridge Vista Water Company.
2. This report can be found at http://www.waterforum.org/StateRiverReportFinal_4_21_o5.pdf.
3. This phrase is based on an interview with a respondent in another case study developed by the author. Information about this case study can be secured from the author.

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5

Lessons from an Aboriginal Partnership in Australia¹

Michael Limerick and Leon Yeatman

Introduction

In the past decade, theorists in disciplines ranging from political science to sociology have devoted increasing attention to the emerging role of collaboration, networks and partnerships in governance and public administration. Networked governance models have been touted as a tool with the flexibility to meet the diverse array of demands confronting contemporary governments, such as the desire for greater public sector efficiency, the need for innovative, locally responsive solutions that address intransigent socio-economic inequalities in the community, and the quest for participatory and inclusive approaches that will reverse the decline of public trust in political institutions. There is a hope that this new, more collaborative governance provides a greater capability to respond to the complexities of governance in a globalised world than the old, centralised and hierarchical governance approaches of the twentieth century. Whatever its perceived merits, networked governance became a pragmatic necessity once governments started the process of outsourcing and devolution of service delivery under the 'New Public Management' drive of the 1990s.

In the field of indigenous policy in Australia, models of governance based on local partnership have been embraced with particular enthusiasm since the late 1990s. Governments have come to acknowledge the abject failure of previous approaches to address indigenous disadvantage, which has led to a desperate search for new solutions. What many policymakers have failed to acknowledge, however, is that many of these so-called new approaches have longstanding antecedents in existing successful governance approaches pursued locally in some indigenous communities. This chapter will review such an example of effective partnership-based governance in the Yarrabah Aboriginal community of north Queensland, Australia.² As Giguère points out in Chapter 3, although the networked governance phenomenon has become the subject of much academic reflection, it is practitioners in the field whose improvised solutions to local problems which have led to the

emergence of new models that have been adopted and expanded by governments. Before seeking to roll out 'new' partnership models on a broader scale, policymakers would do well to pause and reflect on the ingredients for success of existing exemplars of the partnership approach. As the Yarrabah case will demonstrate, one of these ingredients is in fact a willingness by government to be led as much as to lead.

Background

The Yarrabah Aboriginal community is located in the state of Queensland, on the coast 60 kilometres by road from Cairns in the far north of Australia. The community has its origins in the establishment of an Anglican Mission on 17 June 1892. The mission was originally comprised of people from two local tribes, the Gungandji and Yidinji. In the early twentieth century, Queensland Government administrations forcibly relocated groups of Aboriginal people to the mission from the surrounding districts and from other parts of Queensland, including Fraser Island and Cape York. It has been estimated that today there are descendants of at least 32 tribes living in the community and 80 per cent of the population are descendants of people who were removed to Yarrabah (Baird, Mick-Ramsamy et al., 1998: 8). At the 2001 census, the population of the community was 2120, with 93.7 per cent of residents identifying as Aboriginal or Torres Strait Islander (Australian Bureau of Statistics 2002).

In 1960, the Queensland Government took over administration of the community from the Anglican Church. The Yarrabah Council was first established in the 1960s as an advisory body to the government department administering Yarrabah. In 1984, the Government passed the *Community Services (Aborigines) Act 1984*, which incorporated the Yarrabah Aboriginal Council as the local government for the reserve, albeit under different legislation to non-indigenous local governments. The Aboriginal reserve land was granted in trust to the Council under a Deed of Grant in Trust instrument in 1986. It was in 1986 that the Government, under its policy of community 'self-management', formally handed over responsibility to the Council for the administration of the community.

In 2004, the Yarrabah Aboriginal Council, along with 14 other Aboriginal councils, was redesignated as a Shire Council under the *Local Government (Community Government Areas) Act 2004*. The Council is now similarly constituted to the 128 local governments in mainstream communities in Queensland.

The Yarrabah Aboriginal Shire Council is comprised of seven elected councillors, including a mayor appointed from among this number. The Council has about 200 full time employees. The Council also employs over 800 community residents under the Community Development Employment Projects (CDEP) scheme, the largest CDEP scheme in the country.³

Paternalism, outsourcing and partnership

Before examining the Yarrabah Council's journey towards self-management in the past two decades, it is instructive to review the broader shifts in Queensland Government policy regarding indigenous communities during this period. The significance of the shift that occurred with the government handover to the Council in 1986 cannot be overstated. Prior to this time, the administration of Aboriginal reserves such as Yarrabah was tightly controlled by the Department of Community Services. Superintendents or executive officers appointed by the Department had immense power over every aspect of life within the community. The departmental staff based in the community acted on policies and directives from senior officers in Brisbane, who carried paternalistic views about the administration of Aboriginal communities. This system was the archetype of a service delivery model based on centralised planning, and was profoundly disempowering for the residents of Aboriginal communities.

The handover did not occur as a result of any admission or recognition by the government that this model was not appropriate or effective. Rather, the government grudgingly and reluctantly moved to grant self-management as a result of accumulative political pressure throughout the 1970s and early 1980s regarding the human rights of indigenous Queenslanders. It is notable that Yarrabah had been one of the foremost sites of this agitation for greater indigenous self-determination.

While the core functions of local government service delivery were handed over in 1986, the extent of external control of a wide range of programmes and services in Aboriginal communities remained high into the 1990s. For instance, the staff of Aboriginal councils continued to be predominantly non-indigenous persons brought in from outside the community. In addition, government departments located outside the community continued to manage many of the programmes and services delivered to the community.

In the early 1990s, however, the New Public Management reforms saw both State and Federal Governments progressively outsource the delivery of programmes and services to the local level in both indigenous and non-indigenous communities. Centralised planning and delivery of services gave way to devolution to organisations based at the community level, including local councils. This trend was particularly prevalent in the welfare and community services sector.

Greater devolution was a double-edged sword for Aboriginal councils such as Yarrabah. On the one hand, it presented opportunities for councils to apply for grants to run services and programmes locally, employing more local people and increasing local control over service delivery. On the other hand, it increased the burden on councils to administer a complex array of grants and deliver a number of new services and programmes. The deficit in the capacity of local Aboriginal councils to manage this administrative and service delivery burden became a pressing concern for the Queensland Government throughout

the 1990s. A number of bodies such as the Public Accounts Committee, Queensland Audit Office and Criminal Justice Commission reported on the shortcomings in Aboriginal councils' standards of financial accountability and their overall governance and service delivery performance (see for example, Parliamentary Committee of Public Accounts, Qld, 1991; 1993).

In the late 1990s, the recognition of the capacity deficits faced by Aboriginal councils, together with the continuing high levels of disadvantage in Aboriginal communities, forced government to rethink the efficacy of current approaches to service delivery. As in the mainstream domain, government began to reconceptualise its role in terms of building 'partnerships' with indigenous communities that facilitated 'community capacity-building'. Government agencies were encouraged to move from a role of passively administering grants programmes and overseeing the regulatory framework to a more proactive role of 'engaging' with communities to 'enable' and 'empower' local innovation and community development. Broad-based and generic programmes and services gave way to 'place management'.

In Queensland, this approach was embodied in a new policy framework called the *Ten Year Partnership*, which has since evolved into a framework known as *Partnerships Queensland* (Department of Aboriginal and Torres Strait Islander Policy 2005). The new policy direction is underpinned by a commitment to convening 'negotiation tables' at which indigenous communities sit down with various government agencies to negotiate agreed community action plans to work together to address community social and economic disadvantage.

Yarrabah Council's vision of self-management

It is in the context of this series of significant policy shifts over the past two decades that the Yarrabah Council has endeavoured to achieve its vision of community self-management. This journey started in the late 1970s, when the Yarrabah community became a focal point for growing agitation for the Queensland Government to release its iron-clad grip on Aboriginal communities and give greater respect to the indigenous right to self-determination. This political pressure emanated not only from indigenous rights lobby groups but also from the Whitlam and Fraser Governments at the federal level, and even from the international community in the lead-up to the 1982 Brisbane Commonwealth Games (Brennan, 1992).

The centrality of self-management to the Yarrabah community leaders' vision for the future is clearly evident in the statements of community leaders in the 1980s:

If you look back over the record there's been a lot of changes over the years, a lot of frustration. The frustration still goes on because even though we're supposedly living the same as white people, there's still

that undercurrent of us being the second-class citizens and we still have to fight for every opportunity that there is ... They think that the Aboriginals can't handle their own affairs, even though they promise you self-management. We fight for that because we know we are capable of managing our own affairs.

(Yarrabah elder cited in Thomson, 1989: 134–5)

The Council may have been a 'rubber stamp' in earlier years but by 1985 we had an independent attitude and were asserting our determination to self-manage. I now consider that we are three-quarters of the way along the path to self-management. If we had control of the funding, we would be there. We are seeking more power. The goal is to determine our own future.

(Yarrabah Aboriginal Council Chairperson Michael Connolly,
16 May 1989)

The case study research at Yarrabah found that a vision of self-management has been very significant in shaping governance at Yarrabah since the 1970s. The shared vision of self-management and the struggle to break free from the shackles of government administration had the effect of bringing the community together in the 1970s and 1980s. This sense of unity and shared destiny created a level of political consensus that enabled rival factions in the community to put aside their differences to work together in a sustained manner in the two decades to follow.

The vision of self-management appears to have been underpinned by two aspirations. Firstly, residents of Yarrabah desired greater community control over the delivery of services. They sought a departure from the historical pattern of externally imposed goals and priorities. Secondly, the Council and the community saw self-management as a means to increase local employment opportunities through local residents taking over administrative and service delivery jobs from imported non-indigenous staff and external government agencies.

Progress towards self-management

To what extent has the Yarrabah Council's vision of self-management been realised? The case study revealed that, on a number of indicators, the Yarrabah Council has made significant progress towards its objective of greater self-management leading to an improved quality of life for the community's residents. The research identified four key elements of the Council's approach to governance. It is instructive to consider the role of each of these governance attributes in contributing to the outcomes achieved by the Council.

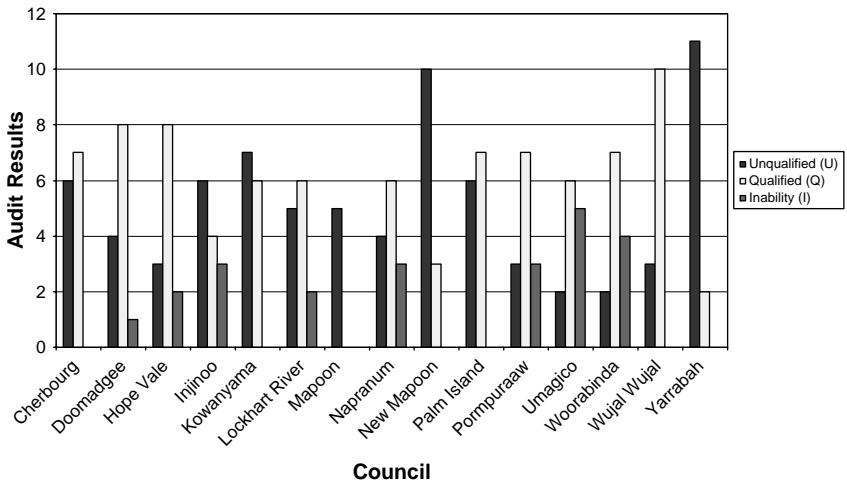
1. Commitment to achieving mainstream standards and good administration

From the early days of the handover from government administration, the Council's approach recognised that meeting mainstream standards and

practising good administration were fundamental if it was to assume responsibility for services administered by government and therefore achieve greater self-management. The Council's resolve has been reinforced by the fact that residents of Yarrabah, to a greater extent than residents of other indigenous communities, have demanded the same standard of services from the Council as that delivered in mainstream Queensland towns.

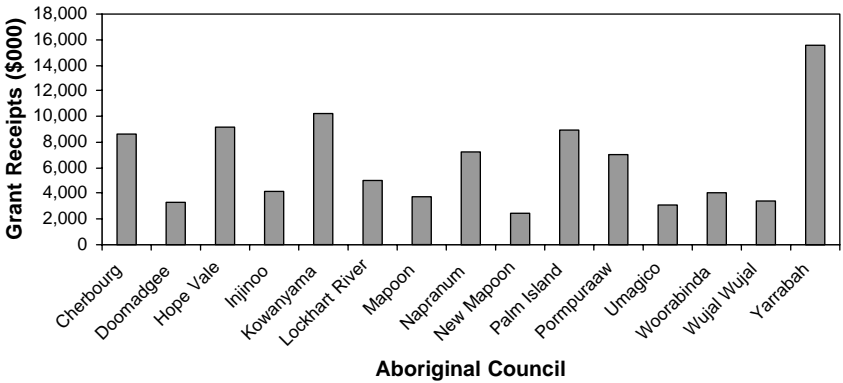
The Council's commitment to achieving mainstream standards is clearly evident in its approach to administration and service delivery. Successive councils since the early 1990s have placed a high priority on financial accountability. As a result of these efforts, the Council has achieved a level of audit performance unparalleled in Queensland's Aboriginal councils, as indicated in Figure 5.1. This high level of financial accountability creates a virtuous cycle whereby government agencies show a greater preparedness to devolve responsibility for programmes and services to the Council. It has created the conditions for the Council to expand the scope of services and programmes that it delivers. An indication of the efficacy of this strategy is the level of grant receipts attracted by Yarrabah Council relative to other Aboriginal councils, as indicated in Figure 5.2. While Yarrabah is one of the larger Aboriginal councils, its standards of financial accountability and administrative competence have contributed to the Council receiving a disproportionately greater share of government funding than other councils.

The Council's desire to benchmark its programmes and services against mainstream standards is evident across a range of its operational areas.



Source: Auditor-General of Queensland (2003) 'Auditor-General's Report to Parliament, No. 8: Results of Audit 2001-02: Aboriginal Councils', Brisbane, Queensland Audit Office; Auditor-General of Queensland (2004); Auditor-General of Queensland (2005) 'Auditor-General's Report to Parliament, No. 8: Results of Audits completed at 30 April 2005: Incorporating the results of the audits of universities, grammar schools, aboriginal councils and island councils', Brisbane, Queensland Audit Office.⁴

Figure 5.1 Historical audit results for Aboriginal councils (1992-2004)



Source: Auditor-General of Queensland 2004, 17.

Figure 5.2 Grant receipts for Aboriginal councils 2002–3 financial year

Examples include its efforts to achieve accreditation for its day care and aged care facilities, the application of mainstream processes to the management of Council housing and the early adoption of local laws based on mainstream models. Yarrabah Council has embraced the transition to the mainstream local government legislative framework to a much greater extent than other Aboriginal councils.⁵ A detailed assessment of the Council's performance conducted for the case study revealed that in many areas of service delivery, including roads, water and sewerage, environmental health and waste management, the Council delivers a standard of service comparable to any other local government in Queensland.

The substantial dividend from sound financial accountability and competent administration has been manifest in the Yarrabah Council's ability to accumulate high levels of community infrastructure and facilities over the past decade. This includes a Council-owned shopping complex, a community hall, a leisure centre, a Police and Citizens' Youth Club facility, a skills training centre, a child care centre, an aged persons' home, a library, a sports complex, a new Council Chambers, a museum and an arts and crafts centre. An aquatic centre is currently under construction.

To use the Council's own metaphor, the Council is conscious that it is 'playing a game' that is not of its own making. It plays the game and seeks to continually adapt to the changing rules in order to achieve the results it desires. However, the people of Yarrabah stress that they do not believe that playing a game necessitates losing their unique cultural identity. Rather, their ambition is to challenge the stereotype that Aboriginal communities cannot manage their own affairs or are not interested in managing their own affairs.

2. Investment in local capacity

Like the pursuit of mainstream standards, the Council's efforts towards developing local capacity are inextricably tied to its vision of self-management. According to a Council annual report, training and development for staff and community members is 'all part of the evolutionary process in controlling and managing our own affairs' (Yarrabah Aboriginal Council, 1999: 10).

The Council's commitment to local capacity development is exemplified by initiatives such as employment of a dedicated training officer, preparation of a five-year training plan, and establishment of a skills training centre and partnerships with tertiary institutions to deliver vocational education and training locally. The research found evidence that the Council provides encouragement and practical support for staff to achieve formal qualifications and has inculcated an organisational culture where such achievements are celebrated and rewarded.

The Council takes the view that its local employees are its best asset. Aboriginal councils such as Yarrabah face considerable difficulties in attracting suitably qualified workers and therefore in building the critical mass of human resources necessary for a functional organisation. By taking an internal approach of identifying and encouraging employees with potential, the investment in local people has achieved a return not only in increasing the skill base, but also in creating role models for the youth in the community. It is through these efforts that the Council hopes to ensure greater sustainability and to maintain the commitment to self-management and self-determination.

The outcome of the Council's investment in local staff is evident in the much higher prevalence of local indigenous people in senior management positions at Yarrabah than is the case in other Aboriginal councils. The CEO and Deputy CEO are both local indigenous residents and 9 of the 13 senior managers are indigenous. At the operational levels, the workforce is overwhelmingly comprised of local residents.

The long-term investment in building local capacity has also contributed to a level of stability in the administrative workforce that is uncommon in indigenous councils. The average length of service of senior managers at Yarrabah is 15.5 years. The research found a visible level of pride and commitment among the staff of the Council, and many observers pointed to the stability of staffing as a key explanation for the Council's comparatively high administrative performance.

The desire to build up the skills of local residents to fill key positions in the Council is part of the Council's broader goal of maximising the employment opportunities in the community. As noted, employment outcomes have been a key impetus for the Council's vision of self-management. This is an area where the Council has made significant progress over two decades. While the community continues to be entirely dependent on government funding for provision of jobs, either through Council programmes or through the very large CDEP scheme, the Council's efforts have ensured

Table 5.1 Employment outcomes in Yarrabah relative to other Queensland communities

	Yarrabah	Aboriginal communities⁶	Queensland
Adult employment	67.8% CDEP = 48.7% Non-CDEP = 19.1%	45.7% CDEP = 34.6% Non-CDEP = 11.1%	55.6%
Labour force participation	71.6%	52.8%	63.1%
Youth unemployment	2.9%	11.4%	15.3%

Source: Australian Bureau of Statistics, 2002.

that almost everybody who seeks work in Yarrabah is able to secure work through the Council. This is borne out by the employment figures from the 2001 census set out in Table 5.1.

3. Practising good governance

The case study found that a key factor in the outcomes achieved by the Council was its commitment to implementing some of the commonly accepted core principles of good governance.⁷ Firstly, the Council has implemented a firm separation of powers between the Council's political arm and its administration. This principle stipulates a clear delineation between, on the one hand, the strategic role of the elected councillors in setting the Council's direction and making policies and, on the other hand, the operational role of the Council administration in implementing this direction and these policies. Fundamental to this has been the Council's willingness to rely on its managers to make day-to-day decisions about service delivery, leading to a stable and strong administration that underpins the Council's administrative competence. Furthermore, at Yarrabah, there is little evidence of the counter-productive interference by councillors in administrative matters that has plagued many other Aboriginal councils in Queensland.

Secondly, the Council demonstrates an understanding of the importance of the rule of law. In the context of Yarrabah, the principle of the rule of law is characterised by the Council's orientation towards consistent application of laws, rules and policies in all aspects of its business and the absence of decision-making that is arbitrary or is biased towards councillors' families or associates. For example, the Council has realised that the most equitable approach to allocating houses is to follow its housing policy, which is based on a housing waiting list and a set of needs criteria.

In an environment where residents are quick to keep the Council accountable, councillors and Council staff have also become aware that a policy-oriented approach is the best protection against allegations of bias and preferential decision-making. Furthermore, apart from being fair and equitable, the Council has found the consistent application of rules and

policies and the development of highly routinised procedures to be both administratively efficient and an effective response to the challenge of having large numbers of local staff with a limited education and skills base.

Together with the focus on mainstream administrative standards, the institutionalising of good governance practices at Yarrabah gives further comfort to funding providers that the Council will administer grants and programmes in an efficient, fair and equitable, and financially accountable manner. An ability to meet the expectations of funding providers in this way has been pivotal to the Council achieving its objectives in terms of attracting grants and funding to fulfil community priorities regarding construction of new facilities and the local management of programmes and services.

4. Strategic engagement and partnership with government

A prominent feature of Yarrabah's approach to achieving its governance objectives has been a strategy of proactively engaging and partnering with government. In some ways, this strategy underpins the other three governance attributes highlighted above. Developing a competent and accountable administration, investing in local capacity and implementing good governance can all be conceived as part of a broader strategy to put in place the preconditions for engaging with government in a way that will maximise the opportunities for achieving the Council's long-term objectives.

The Council is acutely aware that the main obstacle to achieving self-management is its dependence on government for the bulk of its funding. Dependence on government transfers means that most funding is tied for specific purposes stipulated by the particular funding agency and the grants are typically conditional on meeting a complex array of administrative and reporting obligations.

In its efforts to adapt to the constraints of these circumstances, the Council has found that proactively engaging with government agencies is the best way to maximise its level of local autonomy and control. This strategy of engagement can be observed in a number of aspects of the Council's governance. Three notable dimensions of this approach are discussed in more detail here.

(a) Proactive negotiation regarding funding and programmes

The research revealed that rather than passively accepting the standard conditions of funding, Yarrabah Council seeks to actively negotiate with government agencies to ensure that funding agreements meet local goals and needs. The Council's efforts are often directed at achieving its goal of maximising local employment opportunities – for example, a constant theme of the Council's negotiations about housing renovation funding provided by the Federal Government in recent years was the Council's desire for more local people to be employed in place of external contractors. This issue was also a focal point of the Council's negotiations with funding providers for the construction of the new swimming pool in Yarrabah. Yarrabah Council's

emphasis on building the capacity for proactive negotiation of grants and funding is evidenced by the fact that the Council was one of the first Aboriginal councils to employ a dedicated project officer to apply for and acquit government grants.

The Yarrabah Council CEO summarises the Council's approach as a recognition that not only is it he or she who shouts the loudest who gets heard, but more importantly, it is 'who you know' and not 'what you know' that really achieves results. According to the CEO, the Council understands the key ingredients of successful negotiation as being 'the power of a clear vision, a comprehensive funding submission, a persuasive lobby team and most importantly an iron clad guarantee to deliver results'.

(b) Building good relationships with funding agencies

It is evident that the Council has sought to build positive, cooperative relationships with funding agencies. This approach is borne out of a pragmatic recognition that maintaining good relations with agencies is the best means to firstly ensure continuation of funding, and secondly enhance the chances of the Council being able to negotiate concessions that will meet local goals and needs.

A commitment to effective partnerships with government agencies is manifest in the following comments by senior Council staff:

Overall, it's been more about effective partnerships because, as you know, when you're reporting in the audit or any acquittal, you're actually dealing through second or third persons. For us ... the most value we've got is making sure those other persons have their questions met, have a friendly or the same person to deal with, and when you say you're going to do something, actually get it done ...

(Yarrabah Council CEO)

I believe we do have good relationships. The way we deal with the government departments is we go out – a lot of communities go out looking for a fight – but we go out, we pick the fights we want, and I think that's the best way to go. If you go and talk on a sound level and work through the stuff together, things will work out. Council doesn't use the media a lot to ping government departments, we would prefer to work it out face to face. I think we've got a good working relationship with most government departments.

(Yarrabah Deputy CEO)

On the government side, the positive outcome of the Council's strategy is corroborated by the fact that the case study found that most agencies reported very positive relationships with the Council. A typical comment by

a number of officers was that the Council administration was always quick to respond to queries and to provide information requested by the agency:

[W]hen we first took on this role, which was not so long ago, Yarrabah did have a few reports that were outstanding, but we raised it with them, we got on to the right people and, no problems, [they] produced them. If we had any queries – bang, bang, bang, done – and we were able to tick them off and get them sent down to Brisbane.

(Funding agency representative)

An example provided by an officer from the Department of Housing illustrates the value that the Council places on maintaining relationships with funding agencies. The Council's rate of debt collection had fallen below the Department's required minimum and this had triggered a letter to the Council from Central Office indicating to the Council that this might affect future funding. The Council was upset that the Department had not communicated directly with the Council previously about how to address the problem:

Yarrabah take these things to heart ... so they phoned this office, they spoke to one of the deputy managers, and ... well, they took offence, really, to the letter, and I guess I don't blame them in a way. They said 'we don't mind dealing with you, lets try and work through this together, but you know, getting this letter ...' And that's why they said 'if we're not meeting the core eligibility criteria, we want to address that,' and they have.

(Department of Housing officer)

This example highlights the extent to which it is the Yarrabah Council that has pushed for greater engagement and a more partnership-based approach between government and community. The Department had retreated into a more traditional regulatory-focused, grants administration approach. The Council was disappointed in the lack of direct engagement and insisted on a more collaborative approach, in order to 'try and work through this together'.

Only one government officer interviewed for the case study raised concerns about the Council's approach to dealing with the officer's agency. Perhaps tellingly, this officer commented that sometimes the Council seemed to be arguing excessively for exemptions or flexibility regarding funding requirements.

The Council's focus on being responsive to government agency requests does not mean that it slavishly panders to government requirements. It is apparent that the Council is seeking to establish relationships that are balanced and meet the needs of both the Council and the funding agency. The case study found that the elected councillors and senior Council staff are

forceful in advocating Yarrabah's interests to all levels of government. In contrast to many Aboriginal councils, the Council makes efforts to meet with and lobby ministers and CEOs of government agencies, and it has shown a preparedness to use local Members of Parliament to push its interests with government agencies.

In recent years, the Council has sought to expand the scope of its networks from a focus primarily on government funding agencies to a focus on building relationships with peak local government representative bodies. This has occurred through support for management and staff to engage with peak organisations, such as the Local Government Association of Queensland, Local Government Managers Association, Aboriginal Local Government Association of Queensland and the local Regional Organisation of Councils, as a means to maximise their awareness and understanding of best practice management options. The result of this engagement has included a noted increase in staff confidence, a demonstration of career path options for young people and strengthening of communication networks outside of the Council.

(c) Partnerships for improved service delivery

A number of government agency representatives interviewed for the case study commented on the willingness of the Yarrabah Council to form partnerships with mainstream service providers outside the community in order to enhance the Council's service delivery. For example, one government officer noted that the Council's Life Promotion Officers had formed good working relationships with mainstream health services in Cairns, particularly mental health services. It was reported that Yarrabah had done this more successfully than other indigenous councils funded for this programme. The officer expressed the view that this level of partnership was not just the result of Yarrabah's proximity to Cairns, but also seemed to reflect a culture of engagement and leadership within the Yarrabah Council.

Another officer highlighted that the Council's Family Support Program integrated well with mainstream services such as those in nearby Edmonton. Furthermore, the officer noted that the Council's Older Person's Action Program joins with other aged care services in Cairns to run activities, which is a positive performance indicator. Overall, the officer expressed the view that the Council has a good level of engagement with the mainstream, including attracting some very strong advocates for Yarrabah from the broader community.

The case study revealed a number of other instances of positive engagement between Council programme areas and mainstream service providers. The Council's environmental health programme has strong links with Queensland Health's Tropical Public Health Unit. The Council's librarian has attended courses run by the State Library and the museum staff have visited museums in Brisbane to learn more about best practices.

Council staff appear to be prepared to make contact with relevant agencies outside the community to seek advice about service delivery issues that arise. The Housing Officer seeks advice from the Residential Tenancy Authority and the Department of Housing about tenancy issues that arise from time to time. The Housing Officer explained that her philosophy was to seek out information that she required, but she did not think that staff in other Aboriginal councils had learnt to do this sufficiently:

[M]aybe they don't understand white man's word and I say to them 'Look, don't be frightened to ask, I don't know a lot, I ask if I don't know anything'.

The Council's external engagement has extended to active participation in the peak body for mainstream local governments, the Local Government Association of Queensland (LGAQ). Furthermore, to encourage a culture of engagement, the Council supports staff to participate in professional associations, with the objective of staff 'being able to then engage, network, capacity build and just for exposure' (Yarrabah CEO).

There is evidence also of the Council's efforts to partner with other local governments to enhance its service delivery. The Council has had numerous dealings with its neighbouring local authority, the Cairns City Council, over matters such as local laws, animal control and waste disposal. It has also entered a sister city arrangement with the Hobson's Bay City Council in Melbourne, Victoria. This has enabled sharing of advice and expertise, such as access to the Hobson Bay engineer, as well as staff exchanges.

Community engagement

The government–community partnership that is exemplified by the Yarrabah case study is a partnership between the State and Federal Governments on the one hand, and a locally elected community council on the other. To characterise this as a government–community partnership requires an assumption that the Yarrabah Council is a legitimate representative body for the Yarrabah community. There is, however, an extensive body of literature that raises questions about the appropriateness of representative governing structures in Australian indigenous communities (Wolfe, 1989; Rowse, 1992; Fitzgerald, 2001). The case study research at Yarrabah included interviews with community residents and community organisations. The research found that there is a broad acceptance of the Council's role as the community's representative body and a congruence between the Council's and residents' objectives for the community. As noted, these objectives revolve around the vision of self-management of services for an improved quality of life.

A surprising finding, however, was that the Council's practices in engaging with the community have been quite poor, and this has manifested in

widespread disaffection among residents about their lack of involvement in community governance. There has been an assumption at Yarrabah, which is common in indigenous communities, that because the community is small and close-knit, the Council does not need formal avenues for community consultation and engagement, such as advisory committees, community meetings, or structured consultation processes or communication strategies. The likely reasons for this poor level of engagement are varied and complex, and include a history of disconnected governance practices inherited from the previous government administration, a desire to limit the forums for the expression of internecine divisions in the community and an administrative workload that limits the time or resources to devote to engagement activities.

There is a sense at Yarrabah that the Council's attention and energy towards engaging and partnering with government, or 'playing the game', has come at the expense of greater participation and engagement of the community. The following comment of a senior Yarrabah Council officer highlights this issue:

There's so much emphasis being placed on capacity building between governments and leaders of council, but not so much emphasis between the community and the leaders. I mean, we talk about community engagement, it's good at the macro level but at the micro level it's not happening.

... It's good having strategic planning but some of that strategic planning stuff is all rhetoric and you really disconnect from local community people out there. I sit in those senior staff meetings and it's really good as an overall planning stuff, but sitting down there on the beach with someone, well, they really don't know what's happening.

(Yarrabah council officer)

Ultimately, although the Council has not met the community's expectations regarding local community engagement, this does not appear to have jeopardised its ability to broadly meet its constituents' needs and goals on a range of objective measures. This is due to the fact that there has been a close congruence between the long-term vision of the Council and its constituents. One of the other strengths of the Council's governance practices not discussed here, a commitment to long-term community planning exercises, has also ensured that Council's activities have aligned with community priorities.

In the past two years, however, there has been a distinct improvement in the Council's efforts to engage the community in governance processes. The Queensland Government has made resources available to the Council to facilitate community consultations and engagement exercises in preparation for the negotiation tables between the community and government.

The Council has noted the benefits to Council staff that have arisen from their involvement in these community engagement activities. It has provided opportunities for skill and knowledge refinement and reinforced the commitment to the community. The Council believes that this exposure builds staff capability and confidence in dealing with issues that are prevalent in the broader community context. It equips staff to see issues from an original perspective that allows for improved dialogue and more workable solutions. The consequence is that the reach of the government–community partnership at Yarrabah is deepening from the Council into the grassroots community.

Conclusion

Considine (2005: 11) has suggested that collaborative approaches to governance at the community level hold out the promise of a ‘deepening of democratic engagement and the improvement of measures to deal with social, economic and environmental problems’. This review of the Yarrabah experience provides clear evidence of how an effective partnership between government and an indigenous community council can lead to more local control over governance as well as enhance the outcomes of services and programmes.

From the perspective of nurturing more inclusive and participatory democratic engagement for the State’s indigenous population, the approach at Yarrabah, encompassing community self-management complemented by effective government/community partnership, is self-evidently better than the former model of centralised departmental control. The Council’s partnership with government has been critical in facilitating greater local control and genuine community self-management. On the community side, it should be noted that this partnership still operates largely at the level of the representative Council and its staff. The direct involvement of community residents in the partnership has been limited in the past by the Council’s poor community engagement practices. Recent initiatives, however, give hope for a further deepening of democratic engagement beyond the Council to the grassroots community.

From the perspective of enhancing service delivery outcomes, the partnership approach at Yarrabah has been demonstrably more successful than the centralised planning approach used by the Department prior to the handover from government administration in 1986. It has also been more successful than the ‘sink or swim’ process of rushed and unsupported devolution to the Council in the years immediately following the handover.

The Yarrabah Council case study therefore provides evidence that a partnership approach to governance at the community level truly can enhance both democratic and service delivery outcomes. Just as significant as the

outcomes, however, is the process by which the partnership approach at Yarrabah has come about. The most striking feature of the partnership is that it was initiated and has been sustained largely by the Yarrabah community and its Council, and not by government.

As the review of government policy showed, the Queensland Government in particular has shifted to a focus on partnerships and capacity building in its dealings with indigenous communities since the late 1990s. The Yarrabah Council, however, has been actively pursuing this approach since the late 1980s. The impetus for this had been the Council's recognition that full self-management could never be achieved without building local capacity and entering positive and mutually beneficial partnerships with government, and particularly with funding agencies. The hallmark of the success of the partnership approach at Yarrabah is that it has been pursued on the community's terms and directed towards the community's aspirations. Its success over a long period has been underpinned by the community's shared vision of achieving self-management.

In the burgeoning field of research on indigenous governance, a number of researchers have singled out the capacity of indigenous communities to 'strategically engage' with the broader non-indigenous society as the key to successful governance (Martin, 2004; Moran, 2006). The experience at Yarrabah gives further support to this contention. The Council's efforts to strategically engage with the outside world in order to achieve its self-management objectives have shaped its approach to governance since the 1980s. Each of the positive attributes of community governance identified at Yarrabah can be linked to the Council's broader strategy of constructive engagement with government funding providers, other local governments and peak bodies. Adoption of mainstream service delivery and accountability standards as well as adherence to core good governance principles effectively positioned the Council to leverage increased resources and support from government. The Council's investment in local capacity emphasised the competencies of local staff to meet mainstream professional standards and to engage and collaborate effectively with partners in government and elsewhere.

What are the implications of the Yarrabah experience, then, for governments' current efforts to implement a partnership approach to local governance and service delivery in other indigenous communities, or non-indigenous communities for that matter? The first point is that a partnership will be more effective and sustainable if there is a deep-rooted commitment to partnering and engagement on the part of the community concerned. The best way to nurture such a commitment will depend on the circumstances of the community. At Yarrabah, the research found that a critical factor in the community's and the Council's capacity to effectively partner with government is the higher level of exposure that

Yarrabah residents have had to the outside world in comparison with other indigenous communities.

A second observation from the Yarrabah experience is that a partnership approach will be more attractive to the community where it becomes aware of the benefits of this approach in terms of greater local control and self-management. If government is seeking to promote the partnership approach with constituent communities, greater community self-management ought to be a key selling point.

A third implication of the case study is that efforts to build community capacity for service delivery need to focus not just on administrative and service delivery capacity but on the more generic capacity for engagement and partnership. The Yarrabah Council has consistently sought to build its workforce's capacity to engage with government by providing opportunities for gaining exposure to the mainstream and for building relationships with government agencies.

Fourthly, the case study reveals that government still has some way to go before the rhetoric of partnerships and engagement with community is translated into practice in terms of agencies' service delivery frameworks and staff culture. The recognition that capacity-building is needed as much on the government side as the indigenous community side was recently highlighted in the report on indigenous community capacity-building by the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs (2004). The frustration experienced by the Yarrabah Council in trying to build better partnerships with some government agencies adds further weight to this finding.

Finally, the Yarrabah case study demonstrates that governments should not assume that partnership-based governance is a 'new' concept in indigenous communities and that governments will have to provide both the momentum and the models for these new structures to flourish. Rather, it is likely that effective indigenous communities have been actively engaging and partnering with government on their own terms for a considerable period. Governments can best assist by building on existing successful approaches that have grown organically according to local conditions and are likely to differ from community to community.

The Yarrabah Council continues to face long-term challenges, including the resolution of native title and land tenure issues, planning for development and future growth, greater devolution of responsibility to community organisations, further development of leadership within the broader community and continued advocacy for the preservation of the community's culture and identity. The Council's journey has led to the understanding that the path to success is through recruiting and nurturing people with the capabilities to help it realise its vision of self-management. The journey thus far has also confirmed that the ultimate goal will only be attained through working together and in partnership.

Notes

1. This paper draws on the author's PhD research, which was sponsored by the Queensland Government's Department of Local Government, Planning, Sport and Recreation. The Department's support is gratefully acknowledged, along with the cooperation of the Yarrabah Aboriginal Shire Council and the Yarrabah community.
2. The data for this case study was collected in 2005 and 2006 as part of doctoral research by one of the authors.
3. The CDEP scheme is often characterised as a 'work for the dole' programme. Under the scheme, indigenous organisations are funded by the Federal Government to provide part-time work to indigenous people in lieu of unemployment benefits they would otherwise receive. The scheme recognises the lack of employment opportunities in many indigenous communities and the disadvantages faced by indigenous people in accessing the labour market.
4. Unqualified audit opinion indicates a high standard of financial management; a qualified audit opinion indicates some problems with the Council's financial management; an inability to form an opinion indicates significant problems with the Council's financial management.
5. The transition from the Aboriginal-specific *Community Services (Aborigines) Act 1984* to the mainstream local government model commenced with the passage of the *Local Government (Community Government Areas) Act 2004*.
6. Aggregate figure for Cherbourg, Doomadgee, Woorabinda, Palm Island, Injinoo, New Mapoon, Napranum, Hope Vale, Wujal Wujal, Kowanyama, Lockhart River and Pormpuraaw.
7. In 2006, the integrity of the Yarrabah Council's governance practices were recognised in its short-listing as one of eight national finalists in the Indigenous Governance Awards run by Reconciliation Australia and BHP Billiton.

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6

Government and Communities in Partnerships in England: The Empire Strikes Back?

Mike Geddes

Introduction

This chapter reviews recent English experience of partnership and community engagement during the period of office of the New Labour governments since 1997, drawing on the author's experience in evaluating policy initiatives such as Local Strategic Partnerships (LSP) and the New Deal for Communities (NDC) programme.¹ The chapter argues that there have been certain gains, including a greater voice for community organisations, more joined up local strategies, and improved trust within local governance networks. But these have been limited and patchy: while a 'virtuous circle' of positive partnership working can be discerned in some localities, in others a number of factors such as ineffective leadership, the limited resources and capacity of partnerships, and unresolved issues of accountability combine in a 'vicious circle' in which the transaction costs of partnership working outweigh the benefits. In general, while it should be recognised that building effective partnerships takes time, there are as yet relatively few substantial examples of hard outcomes demonstrating the added value of partnership working.

The chapter suggests that, in contrast to early rhetoric, there has been a recent tendency on the part of central government to regard local institutions as dependent mechanisms to achieve central targets, and to prioritise managerialist control over local autonomy and initiative. Coupled with the unwillingness of ministries to work together themselves in the way they require of local actors, these factors increasingly limit the extent to which a new networked governance is transforming the traditional processes of government, even when local partnerships are institutionalised as 'part of the furniture' of governance.

Local Strategic Partnerships and New Deal for Communities partnerships

Labour's agenda for the modernisation of local government has been thoroughgoing and transformational in intent – an ambitious programme of far reaching reforms to promote joined up government, revolutionise service delivery, and reshape the institutions of local democracy (Downe and Martin, 2006). For Stoker (2004, drawing on Sullivan and Skelcher, 2002), commitment to partnership is one of the key principles underlying New Labour's modernisation of local government, with LSPs particularly notable as overarching local institutions within a multi-level governance framework. Both LSPs and NDC partnerships are important new elements in the new institutional framework of local governance.

Local Strategic Partnerships

LSPs are a major recent innovation in the pattern of local governance in England. According to government guidance (DETR, 2001), an LSP is a body which brings together at a local level the different parts of the public sector as well as the private, business, community, and voluntary sectors so that different initiatives and services support each other and work together. LSPs are non-statutory, and largely non-executive organisation, and the intention is that they operate at a level which enables strategic decisions to be taken yet is close enough to the grassroots to allow direct community engagement.

Progress in setting up LSPs has been faster in those 88 localities containing the most deprived neighbourhoods in England which are eligible for Government funding from the Neighbourhood Renewal Fund (NRF), which is conditional on the existence of an LSP. However, many other localities have reacted enthusiastically to the government's proposals, and LSPs are now established, or being established, almost everywhere.

The introduction of LSPs is closely related to a number of other aspects of New Labour's local government modernisation agenda and its wider project for the modernisation of public services. First, new statutory *Community Strategies* are intended to improve the economic, environmental, and social well-being of each area, and contribute to the achievement of sustainable development across the country. Local authorities have many of the responsibilities and powers needed to bring about improvements in their communities, but other public services, local people, the business sector, and the voluntary and community sectors also need to be able to contribute. It is therefore the task of the LSP to prepare and implement the community strategy for the area. Secondly, New Labour has launched a national strategy to renew the country's most deprived neighbourhoods. The objective of the *National Strategy for Neighbourhood Renewal* (NSNR) (SEU, 1998) is to narrow the gap between the most deprived neighbourhoods and the rest of the country, with common goals of lower unemployment and crime, and better health,

education, housing, and physical environment. Effective neighbourhood renewal is seen to depend on services working together to plan and deliver concerted improvements in public services. Local people, business sector, and the voluntary sector all need to be able to contribute. It is a task of the LSP to develop and deliver a *Local Neighbourhood Renewal Strategy* (LNRS). Thirdly, *Local Public Service Agreements* (LPSA) and *Local Area Agreements* (LAA) are being instituted between central and local government to tackle key national and local priorities (on health, education, employment, crime, and housing), with agreed flexibilities, pump-priming, and financial rewards if improvements are delivered. Local authorities are required to show that their proposals are supported by local people, and need to work with other partners to deliver LPSA and LAA targets, through the agency of the LSP.

New Deal for Communities

The NDC programme is the UK government's flagship programme to regenerate those neighbourhoods suffering most disadvantage, within the wider NSNR. The NSNR, published in 2001 as 'A New Commitment to Neighbourhood Renewal – National Strategy Action Plan', was produced by the Social Exclusion Unit and drew on extensive previous work undertaken through 18 Policy Action Teams that examined different aspects of deprivation and disadvantage. The strategy aims to ensure that within 10 to 20 years no one should be seriously disadvantaged by where they live. This vision is reflected in two long-term goals:

- to have common goals of lower worklessness and crime, and better health, skills, housing, and physical environment in all the poorest neighbourhoods; and
- to narrow the gap on these measures between the most deprived neighbourhoods and the rest of the country.

The NSNR is rooted in an acknowledgement that previous regeneration programmes have failed to reverse the decline of disadvantaged neighbourhoods due to their failure to address fully the complexity of the underpinning causes and their inter-relationships. Accordingly the strategy is characterised by a number of key principles, focused on the need:

- to enhance and focus mainstream service delivery;
- active community involvement in planning for and delivering the improvement of their areas; and
- better inter-ministerial and inter-agency co-ordination nationally, regionally, and locally (AMION, 2005).

Nested within the NSNR and intended to 'help turn around the poorest neighbourhoods' (DETR, 1998, 1), the NDC programme comprises 39 neighbourhood-based projects, each able to draw on funding of about £50m over a ten-year period (Neighbourhood Renewal Unit, 2004).

Each local NDC project is managed by a Partnership Board, and has developed a strategy and a delivery plan based around the five key outcome areas of the NSNR – crime, employment, education, health, and housing and physical environment. Ten NDCs are located in London, two in Birmingham, and the rest in major cities and towns across England. Compared to previous area-based initiatives, NDCs are focused on relatively small areas of between 1000 and 4000 dwellings, and extend over a longer time period (Lawless, 2004). A key feature of NDC is that the emphasis is placed on utilising the resources and powers of the NDC to influence mainstream service provision, rather than regarding the £50m funding as the main means by which the neighbourhood will be improved. Secondly, local NDC projects are intended to be ‘community led’ in a stronger sense than has been the case in previous regeneration initiatives – the rhetoric from government at the launch of NDC was of ‘communities in control’.

Together, LSPs and NDC partnerships represent the advance of local partnership governance at both city/county/district and at neighbourhood level. Table 6.1 sums up and compares some of the key dimensions of LSPs and NDC partnerships.

New Labour's policies on local development and neighbourhood renewal, epitomised by LSPs and NDCs, reflect a new approach to longstanding problems. New Labour have developed a strategic approach which in certain respects sets this government apart from both previous administrations (Thatcher and Major), by its recognition of the systemic nature of social

Table 6.1 Key characteristics of LSPs and NDCs

	LSPs	NDCs
Scale/location	Universal – all local government areas (c. 100,000 to 1m population)	Targetted – 39 ‘most deprived’ neighbourhoods (up to 10,000 population)
Objectives	Joined up local governance	Neighbourhood regeneration
Structure	Voluntary partnership: local authority and other local public agencies, voluntary and community sectors, business	‘Communities and agencies in partnership’ supported by substantial project team
Activities	Development and delivery of Community Strategy, Local Neighbourhood Renewal Strategy, Local Public Service Agreement, Local Area Agreement	10-year investment programme focused on five areas: housing, crime, education, worklessness, health
Resources	Neighbourhood Renewal Fund in NRF areas; otherwise dependent on influence over local partners’ budgets	£50m to fund projects and induce change in mainstream public services

problems and the government's commitment to tackle them systematically and comprehensively, at least in principle, and in its creation of new local institutions to help do so.

At the same time, the principles underlying New Labour's approach testify to its adherence to the neoliberal principles underpinning Thatcherism. Even the programmes for children, low-income pensioners, and the working poor are still located within a market-friendly neoliberal policy environment which emphasises equality of opportunity. LSPs and NDCs are an attempt to institute 'local meta-governance' arrangements (Jones and Ward, 2002) in the form of local umbrella institutions under which to join up the highly fragmented jungle of organisations and institutions which have grown up over the past two decades. New Labour argues that a major deficiency of previous policies was that 'lack of leadership and joint working has compounded ... problems. Until now, no one institution, at local, regional or national level, has had clear responsibility for the fate of deprived neighbourhoods' (SEU, 2001: 19). LSPs now 'enable priorities to be set and services to be aligned; bring those who deliver or commission different services together; and ensure other local partnerships know how they fit into the wider picture' (SEU, 2001: 43), while NDCs provide a model for neighbourhood working. Thus, while some new resources have been found, LSPs and NDCs signal a primary reliance on devolved institutional arrangements to make better use of existing resources through networked local governance.

Progress and problems for LSPs and NDCs

NDCs have now been in existence for a period of around five years (at the time of writing), rather less in the case of most LSPs. While this means it is too soon to come to final judgements, there is now enough evidence of both progress and problems to form evidence-based interim assessments. In particular, the government-funded evaluations of both programmes have recently produced substantial interim reports. Drawing on these reports along with other evidence, this chapter will first assess progress and problems under three headings: institutional innovation (partnership and collaborative capacity); citizenship and the state (inclusion and democracy); and achieving outcomes (strategy and delivery) (Table 6.2).

Table 6.2 LSPs and NDCs: Institutions, citizens and outcomes

	Progress	Problems
Institutional innovation	Partnership	Collaborative capacity
Citizenship and the state	Inclusion	Democracy
Achieving outcomes	Strategy	Delivery

Institutional change: Partnership and collaborative capacity

In institutional terms, New Labour's local government modernisation programme has not only sought to fundamentally reshape existing organisations, but at the same time to introduce new institutions of networked governance to reap the benefits of collaboration.

LSPs have, in a relatively short time, established themselves as a recognised part of the institutional arrangements of modernised local governance. There is a broad positive consensus among most of those involved in LSPs about the principle and purpose of a local strategic partnership (University of Warwick et al., 2005). To this extent, there is a shared view that partnership working is the right institutional approach to local governance. In NDC areas similarly, the partnership principle has mostly been welcomed at neighbourhood level by local residents and agencies, and evaluation evidence also shows that increasing numbers of local residents are aware of, and positive about, the NDC partnership and its activities.

However, the evidence from both evaluations shows that there are very considerable differences in the extent to which LSPs and NDCs can yet be said to have established robust and sustainable arrangements capable of a co-ordinated approach to local governance and regeneration. As regards LSPs, there are important differences between NRF and non-NRF LSPs, and also between those in unitary authorities, counties, and districts (as well as between LSPs within these categories). The extent to which the LSP has been able to draw on a positive history of partnership working in each locality and whether it was set up relatively early or late are major factors. Considerable numbers of LSPs have established internal governance arrangements which seem both effective and inclusive. In others, however, structures and processes are either still relatively undeveloped, or not necessarily yet fully fit for purpose. Turning to NDCs, on the one hand, some NDCs have developed to a point where different partners work well together and the Partnership Board seems stable and relatively robust (CRESR, 2005). On the other hand, the evaluation highlights a number of problems: some Boards are too large, making strategic decision-making difficult; agency representatives are not necessarily senior enough to be able to commit their organisation; and some Boards get too involved in detail. Some of the less-successful NDCs still exhibit tense and difficult relationships between partners and in one or two cases partnerships have been suspended and restructured by government in an attempt to make them more fit for purpose – but this top-down approach says little for local collaborative capacity.

There are a number of significant factors affecting the capacity of LSP and NDC partnerships. The strategic capacity of the LSP Board or Executive is important. Leadership is perceived by many partners to be a crucial element in determining the capacity of LSPs, but the exercise of leadership within strategic partnerships remains extremely challenging, for example the question of when leadership ceases to be constructive and tips over into

domination and exclusionary practices. In many NDCs the partnership chair is a local resident, but this has proved not to be effective in a number of cases. Behind this lies a wider question about whether local residents have the skills to operate effectively as Board members – or whether Boards function in a way which enables them to be effective.

The extent to which LSPs have been successful so far in engaging partners and stakeholders varies greatly – both among LSPs, and between different categories of partner and stakeholder. For some LSPs, fundamental processes of engagement such as understanding partners' priorities and sharing information and data still remain largely on the 'to do' list. A large-scale survey (University of Warwick et al., 2005) suggests that 10 per cent of non-NRF LSPs had made 'no progress' in sharing data and information, while only 30 per cent had made 'major progress' in understanding partners' priorities. Public sector partners are now making an increasing contribution within LSPs (a 'good' contribution in four out of five LSPs according to the 2004 survey), but this engagement is not yet translated into a similar level of success securing change within partner organisations in line with LSP priorities. Other partners – including local councillors and the business sector – have yet to engage actively in many LSPs.

In the case of NDCs, evaluation shows significant levels of involvement by public agencies (Table 6.3), but nonetheless there is some way to go before agencies are involved to the extent which will be necessary if real progress is to be made and sustained. Table 6.3 shows very varied levels of involvement, both between agencies (with the police much more engaged than the Learning and Skills Council, for example) and between different parameters of collaboration (for example, with few agencies able to map their level of spending in the NDC area even though they may claim to have increased it). Constraints on greater involvement commonly include claims of competing demands from other regeneration projects; different institutional geographies, meaning that agencies often find it difficult to operate at the NDC level; and the objectives and outlook of some agencies (especially LSPs) which make it difficult for them to adopt a neighbourhood focus. There can be tensions and lack of fit between agencies' targets and those of the NDC; financial and human resource constraints; and persistent 'silo' mentalities.

Levels of private sector involvement in NDCs are, mostly, low. This is partly because many NDC areas are characterised by an absence of private economic activity; partly because there may be little direct benefit to firms in getting involved in NDCs; but also because government has put little pressure on the private sector to get involved. Thus while private sector services (such as banks or shops) are frequently poor or non-existent in NDC areas, government has shied away from the implications of inducing or compelling unwilling businesses to change their policies in the way it has tried to influence the public sector.

Table 6.3 Public agency commitment to NDCs

	Police	PCT (Health)	Learning and Skills Council	Jobcentre +	Local Authority	LSP
NDC included in forward strategy	23	30	11	26	34	28
Spent in NDC area mapped	13	12	2	12	16	3
Main programme spent on NDC activity	25	24	10	28	29	5
Joint project funding	31	33	5	29	32	10
Presence in NDC area	31	33	5	29	32	4
Increased resources	26	25	6	22	29	11
Changed delivery pattern	33	25	4	29	32	11

Note: Table shows numbers of NDCs. Base = 39.

Questions about the capacity of both NDCs and LSPs include how far 'capacity' in the form of robust structures and processes make it possible to take hard decisions: for example (in LSPs), resolving tensions between conservation and development in one place, dealing with conflicts between competitiveness and cohesion in another. In NDCs, there is a wider question of the capacity of Partnership Boards to think and act strategically. This may not come easily to resident Board members, while agency members may be reluctant to take a lead. Another kind of capacity issue concerns the resources (of staff and of money) available to manage and run most partnerships. In the case of LSPs, especially in non-NRF areas, both financial resources and staff resources can be extremely limited. The position with NDCs is different but often equally problematic. While NDCs have sufficient financial resources to employ quite substantial and well-paid staff teams (something which can be resented by residents putting in large amounts of time for nothing or very little), many find it difficult to attract and retain good staff. In particular, there

has been rapid turnover among Chief Executives, a problem partly attributable to the difficulties of working in an environment where there can be severely competing pressures – from local residents and agencies, from local partners and from government.

An important issue both for LSPs and for the evaluation is to be able to show what contribution the LSP has made to outcomes and whether or not they would have occurred without the LSP. In some LSPs, partners are very positive:

I've been very surprised by (the partnership's) achievements. It has more than lived up to my expectations.

The partnership has met expectations by pushing people's thinking along, encouraging them to think outside the box, and respond to a wider set of objectives.

(University of Warwick et al., 2006: 106)

Some LSPs can now identify, with some degree of precision, ways in which the LSP is enabling positive outcomes to occur which would – at least – have been more difficult in the absence of the LSP. However, in other cases, LSPs are still finding this difficult, and some partners are clearly dubious whether the LSP is adding value, with partners disappointed by the persistence of silo mentalities, the restrictive effects of mainstream budget targets, excessive bureaucracy, and inflexible entrenched positions. In some cases there is more than a suggestion that LSPs may merely be 'badging' outcomes achieved by partners. NDCs show a similarly differentiated picture. As we reach the mid-stage of the programme, some have already spent most of their allocated funding, but others have scarcely begun.

Thus, while the principle of local partnership has become widely accepted, the ability of partnerships to draw effectively on the collaborative capacity of their partners is still in question.

Citizenship and the state: Inclusion and democracy

A central feature of both LSPs and NDCs is the participation of 'community representatives', both in the core Partnership Boards and in other ways. The principle underlying both types of partnership is that they should include representatives of 'the community' alongside those from the public sector and business. In the case of NDCs, representatives of local residents form the largest group of 'partners' on the Board (and are sometimes in a majority). In the case of LSPs, the community sector is strongly represented in most LSPs, although the situation is complicated by the fact that the distinction between the community and voluntary sectors is often opaque, with voluntary organisations sometimes representing sections of the community.

The emphasis placed by New Labour on citizenship and community forms part of a wider belief in the interdependence between the state and citizens, and in an activist state (Driver and Martell, 2002), whereas Thatcherism was

underpinned by the belief that individuals are rational actors who should not be constrained by the state and should take responsibility for their welfare, income, etc. (Smith, 2003). At the centre of New Labour's notion of citizenship are the concepts of rights and responsibilities between the state and citizens (Freeden, 1999). There is a contract between the state, which provides rights, and citizens who have responsibilities. These responsibilities include, *inter alia*, the duty to work and co-operate with others for the greater good. If citizens fulfil their responsibilities they have rights to public services, such as welfare, education, and health services.

The responsibilities and rights of citizens and communities are recurrent themes within New Labour's policies on neighbourhood renewal (Cochrane, 2003). Programmes such as NDC place heavy burdens on citizens in deprived communities to take responsibility for the future of their 'communities' (DETR, 1998; SEU, 2001). As Tony Blair stated in the introduction to the NSNR: 'success depends on communities themselves having the power and taking the responsibility to make things better' and that 'New Deal for Communities will give some of our worst-off local communities the resources to tackle their problems in an intensive and co-ordinated way' (SEU, 1998: 2).

The opportunity of involvement in NDCs and LSPs has been welcomed by some local activists for whom they offer new arenas for influence (Maguire and Truscott, 2006), and has undoubtedly modified some local power structures. But there is an important difference between community activists (already often skilled in local policy and political engagement) and 'ordinary' 'local people'. While the participation of residents in NDC partnerships formally gives them more access to state decision-making than before, and helps mark out the distinctiveness of New Labour policy, it is becoming clear that this may not give them much real power, since in order to make use of their position they have to understand and adopt the institutional parameters and behaviours of the state. Public sector bodies have the experience, knowledge, and resources to be able to create the 'rules of the game' for partnership working, thereby reducing the scope for local communities to act upon their aims. This is often compounded by complex institutional and organisational professional cultures, routines, and 'enclaves' of professional knowledge that act as 'gatekeepers' and barriers preventing 'local people' from fully exercising their power in local partnerships (Johnstone and Whitehead, 2004). While New Labour emphasises development of the capacities and skills of citizens to lead bodies such as NDCs, in reality NDCs devote only limited time and resources to training and skilling local people, while at the same time government demands rapid results from them. Indeed, for some individuals, involvement in the NDC may add to the multiple deprivations from which they suffer as a result of 'burnout' from long and unsocial hours spent as largely unpaid volunteers within the state apparatus.

Alongside the promotion of active citizenship, New Labour has also gone further than previous governments in introducing the discourse of

'community' into the local state. For New Labour, 'community' is a foundation of social organisation and interaction. There is a need for citizens to belong to communities, since citizens are interdependent and have shared responsibilities and rights. The importance of 'community' is most noticeable in policy initiatives at neighbourhood level, where NDC partnerships are permeated from top to bottom by rhetorics of community – whether used to imply a veneer of common interest among residents in localities which in reality are inhabited by shifting and multiply-fractured populations, or to suggest a particular priority for certain groups – 'the black and minority ethnic BME community' – where in contrast the nomenclature suggests not the whole 'community' but a catch-all category of non-whites. But it is also important at the urban/local authority level, where the new LSPs include significant representation of the 'community' sector. Those LSPs eligible for NRF (but not others) can also access a small Community Empowerment Fund to support community engagement and to underpin a Community Empowerment Network which is intended as an umbrella grouping of local community organisations. The resort to 'community' is significant in its recognition of the limitations of both state- and 'market'-led subnational state agencies, and the new models of partnership which New Labour has introduced are certainly a challenge to managerialist state bureaucrats whose assumption of the right to manage has been one result of New Public Management reforms (Clarke and Newman, 1997).

Crucial issues about inclusion and democracy arise from these policies of active citizenship and community participation in local partnerships. How 'representative' are these individuals? How accountable? Who exactly do they 'represent'? It seems to be normally assumed that community involvement in local partnerships must contribute to more inclusive local governance, and further that greater inclusivity implies enhanced local democracy. The subtext here is the widespread – and justified – criticism of the deficiencies of local representative democracy – the limited representativeness and accountability and low calibre of councillors, and the negative dimensions of party politics, associated with low electoral turnout and declining public confidence in local democracy, and the consequent interest in more participative, direct, and deliberative forms of local democracy. But the conflation of inclusion and democracy must be questioned. While some councillors are members of LSPs and NDC partnerships, many others find themselves excluded from, and suspicious of, these new institutions. In some NDCs indeed, 'community' representatives are elected to the NDC Board (Rallings et al., 2004), and while this may boost the accountability of the partnership, it also makes for confusion over exactly who represents local residents and can further marginalise the position of local councillors elected by mainstream representative democratic processes. While it may be argued that community representation in local partnerships introduces elements of participative and deliberative democracy alongside the representative

process, such arguments depend upon more effective mechanisms of democratic accountability than currently characterise LSPs and NDCs. In practice, the very limited accountability of LSPs is recognised as one of their main weaknesses (University of Warwick et al., 2006), while in the case of NDCs increasingly tight accountability upwards to government is reducing local accountability, as will be discussed further below. In fact, while NDCs and LSPs may be more *inclusive* than other local state institutions, they may be more accurately described as forms of *elite* rather than democratic governance in which most partners are appointed not elected.

Achieving outcomes: Strategy and delivery

LSPs and NDCs have followed a similar path to achieve outcomes – the development of wide-ranging strategies leading to activity programmes in which partners contribute to agreed outcomes. The development of a shared strategic vision – where this has happened successfully – has often been both part of a partnership-building process and the basis for action.

For nearly all LSPs the priority has been the development and delivery of a Community Strategy (CS), an ‘umbrella’ local strategy aiming to reflect the views and interests of all local partners (and, in NRF areas, a local neighbourhood renewal strategy identifying the most deprived areas and a coherent approach to regeneration). However there is considerable variation in the degree to which the CS goes beyond ‘motherhood and apple pie’ to map out a clear and distinctive strategic vision which lays the basis for collaboration and focuses action by partners. Thus less than a fifth of LSPs claim major progress in ensuring that partners’ policies, plans, and targets reflect CS priorities, and another 70 per cent claim some progress, but 10 per cent have made no progress. A shared vision may also be achieved only on a superficial level, for example by ignoring the existence of tension between economic competitiveness and social cohesion. Moreover, while in principle CSs are joined up, cross-cutting strategies which span economic, social, and environmental development, the themed architecture of many LSPs (with separate sub-partnerships responsible for crime reduction, economic development, environmental sustainability, etc.), may serve to compartmentalise and create barriers between competing interests. In more than a few LSPs, squabbles over the distribution of NRF money have impeded partnerships in developing a shared vision. Many LSPs have also experienced problems as a result of having to build up the partnership at the same time as developing strategic directions, and also – pressed by local partners as well as government – to begin to deliver as quickly as possible. Much research shows that building effective partnership takes time, yet political pressures still mean that in practice such time is rarely available. It is notable that those LSPs which had their origins in earlier, well-established partnerships have performed better than others.

The same is true of NDCs. All NDCs were required at a very early stage to produce long-term Delivery Plans (DPs) to drive delivery but, as with

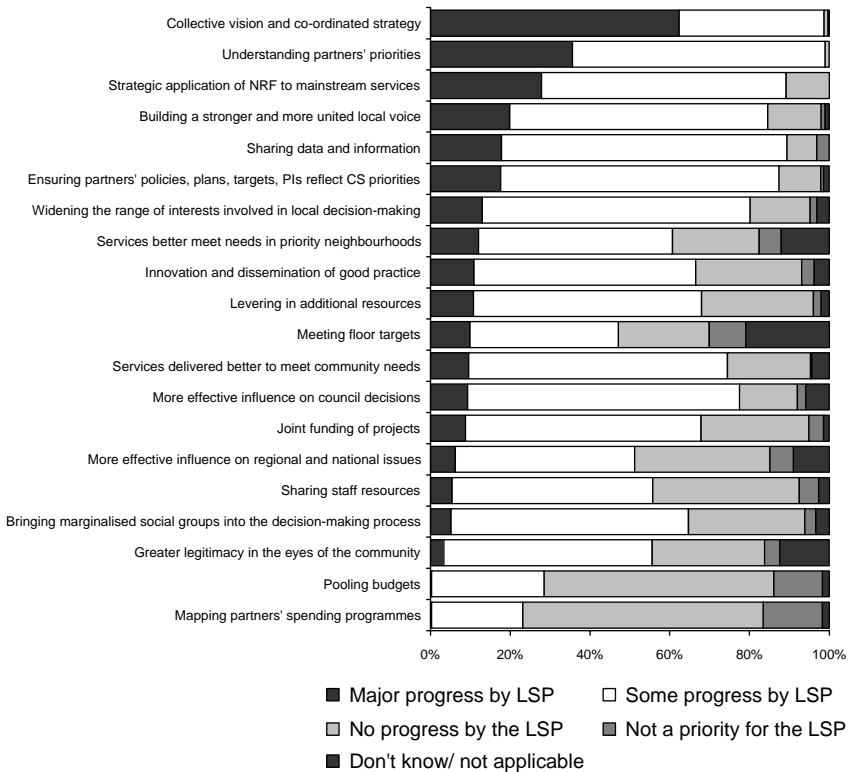
LSPs, the quality of these has been very varied. In some, local residents were able to insist that the DP was built around a longstanding community 'wish list' – but other partners have then sometimes been reluctant to deliver on it. Nor was this wish list necessarily what was needed to fundamentally transform the area. In other cases local residents were not yet sufficiently well organised to have real ownership of a DP which was in practice drawn up by the local authority. In numerous cases, objectives and targets were unrealistic (either too difficult or too easy). Often in practice the pattern of activity developed by the NDC has borne only limited relationship to the DP, with some actions unrelated to DP objectives and some DP objectives not supported by actions. As a consequence, original DPs have had to be regularly reviewed, especially to achieve more fit between what residents want and what agencies are willing to deliver, as well as revising targets and milestones. One clear message from the experience of both LSPs and NDCs is that 'doing strategy' is much more demanding than is often assumed (MacPherson, 2006), and more time and expertise need to be given to consideration of alternative approaches.

Turning from strategy to delivery, Figure 6.1 shows progress that LSPs consider they have made in delivering outcomes. Overall, partnerships believe that significant progress is being made in many areas, especially considering that many LSPs have been established for a limited time and the initial expectation was that they would often need some time to bed down.

Much of the activity of LSPs still centres on what can be called 'process outcomes' – working more closely with partners, sharing information and staff resources, and financial collaboration via pooled funding of activity. There has been some progress on such issues, but at the same time there are many LSPs yet to make substantial progress in these areas. For example, 72 per cent of LSPs claim some progress in sharing data and information but only 18 per cent claim major progress in this respect, and for sharing staff resources the respective figures are 50 per cent and 5 per cent.

Moving beyond 'process' are a range of outcomes related to better local governance and improved delivery on the ground. These include the development of a collective vision and agreed strategy; widening the range of interests involved in local decision-making; creating a stronger local voice; improving the perceived legitimacy of local governance; and exercising more effective influence locally and nationally. As Figure 6.1 shows, the development of a collective vision and co-ordinated strategy stands out as the predominant issue on which major progress is claimed by LSPs. Yet as discussed above, in some cases consensus exist only at the level of rhetoric. Many LSPs also claim to have made some progress on others of these issues, though only very limited numbers consider that they have yet made major progress.

Further outcomes are more specifically about delivery: partners delivering services in ways which conform to the CS priorities and better meet



Source: 2004 survey of all LSPs (University of Warwick et al., 2005).

Figure 6.1 Progress by LSPs

community needs, especially in priority neighbourhoods. Again, the overall picture is that substantial numbers of LSPs claim to have made some progress, but only relatively small proportions yet claim to have made major progress. Thus 65 per cent of all LSPs claim some progress in enabling partner agencies to deliver services better to meet community needs, but only 10 per cent claim to have made major progress. Those issues where significant numbers of LSPs claim to be achieving measurable impact on outcomes (crime reduction, education, training, employment, and health) tend to be those associated with neighbourhood renewal priorities. Greater government support for, and pressure on, NRF LSPs means that in general they have made more progress than elsewhere. At the same time, there is a substantial 'tail' of LSPs (mostly but not exclusively non-NRF) where activity and outcomes so far are very limited.

A somewhat similar position characterises NDCs. Many NDCs have by now spent significant parts of their initial funding (although, again, there is a significant tail of poorly performing partnerships which as yet have spent very little due to serious difficulties in establishing a functioning partnership. At approximately the halfway point in the programme, about 41 per cent of the allocated budget of £2bn had been spent. This has been distributed across all five main themes (health, worklessness, education, crime, and housing) with particularly high spending on housing associated with the high capital costs in this area. There was also very significant spending on community development (which can be seen as a 'process outcome'). At the same time, there is evidence from surveys of residents of NDC areas that perceptions of the impact of both the area and the NDC have improved (Table 6.4).

NDC areas are also tending to out-perform comparator deprived areas, and local people's perceptions of change are improving more than national benchmarks. There is a high level of additionality associated with NDC investments (only a small minority of projects would have gone ahead without NDC funding) but a relatively low level of matched funding compared with previous area-based initiatives. This latter is indicative of wider problems. Especially, the core principle of NDC investment – that even £50m will not alone solve the problems of severely disadvantaged neighbourhoods – assumes that mainstream service providers will be induced to alter their spending and operational patterns in favour of NDC areas. But, while there have been some good examples of 'mainstreaming', in general public agencies seem to be either resistant or unwilling to put the principle into practice in a thoroughgoing way, often citing the competing demands of national government targets or of other deprived areas. Constant waves of institutional restructuring of agencies in fields such as health and education have also distracted some agencies from NDC priorities. Consequently,

Table 6.4 Change in NDC areas

	2002	2004	Change
Heard of NDC	63	79	16
Trust NDC	43	53	10
NDC has improved the area	33	51	18
Area worse than 2 years ago	36	22	-14
Abandoned cars a problem	45	30	-15
Burglary a problem	53	42	-11
Worried about being mugged	58	48	-10
Car crime a problem	63	54	-9

Note: Table shows % of residents surveyed.

Source: 2002 and 2004 NDC evaluation household surveys.

there is – at best – considerable doubt about the extent to which even the ten-year, multi-million NDC projects will achieve the transformational change which was intended, a problem exacerbated by the tendency of residents who have benefited from NDC projects to move out of the area and be replaced by new more disadvantaged people. While the data in Table 6.4 shows an improving trend, it also shows that many residents are unaware of and unimpressed with the NDC. It is this combination of factors which is leading many NDCs to focus their strategies on housing renewal with a mix of tenures and prices to create ‘mixed communities’. But whether such a process of quasi-gentrification really tackles deprivation is again open to serious question. It is also a cause for concern that those NDC partnership with higher numbers of resident Board members tend to perform less well than others. At the moment government seems to still be digesting these lessons – certainly there is no sign that the NDC ‘pilot’ programme in the 39 areas will be rolled out more widely, and indeed rumours abound of the possible shutdown of some poorly performing partnerships.

Difficulties in delivering on partnership strategies are exacerbated by the commitment by New Labour to constraining public expenditure. In principle, partnership local governance in forms such as LSPs and NDCs is extremely helpful in this respect because a key benefit of partnership is seen to be the opportunity to supplement scarce state resources by those from other sectors, and to make better use of resources by more joined up, integrated strategies. However, with concrete benefits along these lines proving hard to realise, and the ‘added value’ produced by many partnerships under scrutiny, the idea that institutional innovation is a substitute for real resources seems questionable. Growing evidence that few NDCs will achieve the wider objective of New Labour’s neighbourhood renewal strategy of closing the gap between poor neighbourhoods and more prosperous areas only emphasises that even institutional innovation plus significant additional resources can be inadequate if the combination of the two does not trigger wider shifts in policies and investment patterns.

Virtuous and vicious circles

The tensions around the three issues just discussed – partnership and collaborative capacity, inclusion and democracy, strategy and delivery – are internalised, to a greater or lesser degree and in different ways – in all LSP and NDC partnerships. But at the same time it has become clear that some LSPs and NDCs have found better ways of managing such tensions than others. One way of recognising this is by identifying both ‘virtuous’ and ‘vicious’ trajectories which highlight the factors identified with either success or lack of progress (Geddes, Davies and Fuller, 2007).

The virtuous circle

The virtuous circle is likely to be rooted, in the first place, in a *positive local context* – a history of positive partnership or relationships between partners predating the NDC/LSP maybe reflected in pre-existing partnerships. Positive local contexts are also those in which the geographical area covered by the partnership is a good ‘fit’: in the case of an LSP with socio-economic patterns, and with the boundaries of key partners, and in which there is a stable local political environment; in the case of an NDC an area which really is a ‘neighbourhood’ in the sense of a relatively cohesive local community.

A positive local context of this kind is likely to make it easier for the LSP/NDC to recruit and *engage members* – partners will want to engage rather than needing convincing or persuading. But engaging partners will also be easier when there is *effective local leadership* – from the local authority, but also from other partners, so that there is an atmosphere of collective leadership, rather than the LSP being driven by the local authority, or the NDC having to rely unduly on its Chief Executive and staff team to provide leadership in a context in which partners are failing to do so. In particular, perhaps, the *voluntary and community sectors* will recognise that their involvement is valued by other partners (Figure 6.2).

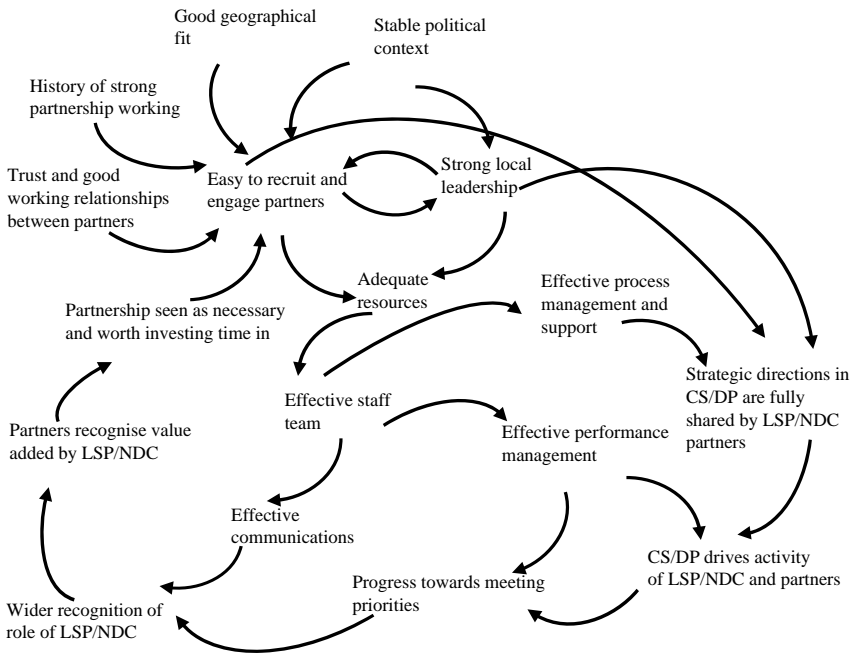


Figure 6.2 The virtuous circle

Alongside the leadership exercised by leading Board or Executive members, the role of the partnership's *staff team* is crucial in setting up and running the processes through which the LSP/NDC works in an inclusive, professional, and efficient manner. An effective staff team will communicate well with partners, the regional Government Office, and other stakeholders, and will ensure that strong performance management arrangements are used proactively to monitor and evaluate performance and drive progress. In the case of LSPs, this implies that adequate *resources* will be available to manage and run the LSP – probably primarily from the local authority, but other partners will contribute because they recognise the value of the LSP to their own objectives. In the case of NDCs, it implies that the partnership is able to recruit and keep a strong staff team.

The LSP will play a leading role in the development of the CS (and the LNRS in NRF areas), ensuring that it is widely owned and is *seen to add real value* to the strategies of partners. The *CS and LNRS will be driving the activity of the LSP*, and as both these strategies and those of partners are reviewed and updated there will be increasing synergy between them and this will lead to opportunities to modify partners' spending plans to meet joint priorities, and to significant progress involving active collaboration among partners to meet local floor targets and other priorities. In the case of NDCs, the DP put in place at the beginning of the programme and updated periodically will draw together the needs and wishes of local residents with the potential contributions of local agencies. Robust *performance management arrangements* will be an integral part of the ongoing strategy of the LSP/NDC.

As progress is made it will increasingly have a *self-sustaining effect*, as partners and stakeholders recognise the value which the LSP/NDC adds and commit themselves more fully. Effective *publicity* will ensure that the role of the LSP/NDC is recognised well beyond those who contribute directly to it or benefit directly from it. In the case of NDCs, most local residents will be well informed and positive about what the partnership is doing. Partners will increasingly recognise the value of the partnership in *lobbying* on behalf of the area with regional and national government. When asked about the added value which the NDC/LSP brings, partners will be able to quote concrete examples of *positive outcomes and impacts*, and would endorse the words of one individual that 'if the LSP did not exist we would have to invent it'.

The vicious circle

The vicious circle is most commonly found in local contexts where there is *no tradition of partnership* and *little trust* between key partners. In the case of LSPs, some partner agencies may not see how the LSP has strategic relevance to them. In the case of NDCs, there may be hostile relationships between residents and local agencies, and/or between segments of the 'community'. *Political turbulence* in the local authority may inhibit the local authority's

neither the local authority nor other partners are willing to commit substantial resources, and consequently a small staff team, often perceived to have little autonomy from the local authority, will not give the LSP sufficient capacity. In the case of an NDC, the partnership will have difficulty recruiting or retaining good staff. *Performance management may be lacking* or may exist in principle but without serving as a real driver of improvement. With the failure to develop a strong strategic focus which engages partners, the partnership may come to be seen as a talking shop, or as a *bureaucratic process* which consumes time without leading to outcomes. Partners will increasingly question its value, and devote more time to their own organisations or to other partnerships which seem to offer more added value.

Identification of these virtuous and vicious circles is not intended to imply that LSPs and NDCs need become locked in one or the other. Partnerships may experience progress in some areas but face difficulties in others. Some partnerships have made good initial progress which has then faltered, while others have made recent progress after a slow start. It is possible for partnerships to 'break in' to the virtuous circle or 'break out' of the vicious circle at various points. Thus, for example, strong local leadership can build a supportive local context in areas where this does not already exist, while failure to institute efficient working practices can undermine initial partner commitment. The purpose of identifying these trajectories is rather to highlight on the one hand those factors which in combination tend to make for an effective partnership, and those in which a partnership is unlikely to succeed.

These virtuous and vicious cycles are concerned with the processes of partnership working at the local (local government or neighbourhood) level. But another key set of issues concerns the relationship between local partnerships and other – national and regional – tiers of government.

Local partnership and multi-level governance

The discussion so far has concentrated on the local level – the strengths and weaknesses of local partnerships, the relationship between partnership and local democracy, and problems of formulating and delivering local strategies. But these considerations must be linked to a further factor, the central–local governance relationship. The nature of this relationship has been a matter of some debate. While Perri 6 (2002) holds that New Labour's approach was hindered in the early years by excessive centralism, and Stoker (2004) argues that neither of two competing models, networked community governance which implies a considerable degree of letting go by the centre, and a more 'constrained discretion' model, are yet dominant, Lowndes and Wilson (2003) claim that New Labour is increasingly shifting towards control rather than consent-based strategies in its struggle to modernise local governance.

A central focus of public sector reform for the past two decades has been the drive to managerialism (Dunleavy and Hood, 1994). Public sector organisations have come to act more like private sector bodies, especially those, such as quasi-autonomous agencies (quangos) and partnerships, in which the distinction between public and private is blurred. As Clarke and Newman (1997) argue, there has been a 'rolling out' of the state in new and dispersed forms which are subject to intensive regulation by the state to ensure conformity with overall policy parameters. Neo-Taylorist new public management focuses on objectives and results, with the centre setting targets for local agencies, auditing their progress through performance management, and maintaining tight control over their budgets, but – at least in principle – allowing agencies more autonomy over exactly how to achieve the results (Pollitt, 1993).

Thus while LSPs and NDCs are offered devolved responsibility, they are simultaneously subject to processes of monitoring, auditing, targeting, and tight budgetary management, applied through the regional Government Offices. While both LSPs and NDCs have some flexibility to develop their own local objectives and targets, these are increasingly becoming subordinated to the framework of national floor targets which they are responsible for delivering. Local networked governance in the shape of LSPs and NDCs is, therefore, part of multi-level governance arrangements which are managed and controlled from the top down.

First, in the 88 NRF areas, central government (the Neighbourhood Renewal Unit within the Department for Communities and Local Government) sets the policy parameters of NRF LSP and NDC programmes, including their objectives, targets, responsibilities, and decision-making powers. Centralised control is exercised (often via the regional Government Offices) through uniform managerialist measures, including formalised performance management procedures, auditing, evaluation, and grading systems, with the specific intention of producing uniform levels of performance. NRF LSPs and NDC partnerships work within the framework set by the government's NSNR, which outlines a universal set of parameters and discourses about the nature of local and neighbourhood deprivation, how these problems should be addressed, by whom and by which policy instruments. The Neighbourhood Renewal Strategies produced by LSPs and the DPs of the 39 NDC partnerships are all produced to a standard format devised by the DCLG/NRU.²

The NDC programme was initially launched with a rhetoric of 'communities in charge' (SEU, 2001), but NDC partnerships have had little choice but to develop a degree of isomorphism with the government's policy discourses and frameworks, forcing them to become agents of government as much as advocates for their localities.

Outside the NRF areas, LSPs are subject to less prescription and offer considerable scope in principle to individual local authorities and other local

actors, as to the extent and ways in which they will implement the programme. There is no formal requirement on local authorities that are not eligible for neighbourhood renewal funding to set up Local Strategic Partnerships, merely differing degrees of incentive and pressure. While in the 88 local authority areas eligible for Neighbourhood Renewal Fund money, a well-functioning LSP has been a condition of funding (and consequently all authorities in these areas have set up LSPs and these are subject to regular government audit and inspection), in the remaining local authority areas (which are the vast majority) these carrots and sticks do not apply. Increasingly, however, other regulatory regimes, such as the local government Comprehensive Performance Assessment (CPA), which assesses inter alia the ability of the local authority to work in partnership, serve the same purpose. Similarly, while the Community Strategies which LSPs have produced are not subject to central government approval, there is little evidence that this has led to a marked degree of local difference, as most strategies focus primarily on a limited number of themes closely related to New Labour's public services agenda.

Even more importantly however, there is now increasing evidence that the limited degree to which Whitehall departments – and Westminster ministers – are prepared to follow through the implications of 'joined up' local governance is one of the most substantial obstacles to its success (Cowell and Martin, 2003). As a result, LSPs and NDC partnerships experience many of the difficulties which Pollitt (2004) associates with other decentralised, autonomous but performance-managed public service agencies because, particularly when the success or failure of policy is particularly politically sensitive, government always tends to curtail decentralised autonomy and emphasise centralised control. Government departments such as the Home Office and the Department of Health have their own objectives, priorities, and targets which are not necessarily aligned with neighbourhood renewal and the local priorities of LSPs and NDCs. Given that 'national' issues such as health and crime are greater priorities for New Labour than local governance and neighbourhood renewal, 'joined up' local governance is thus frequently frustrated by the persistence of 'silo' behaviour within central government itself.

Floor targets and LAAs

Recent developments suggest that central government control of both LSPs and NDCs is becoming tighter than ever. In the first place, both kinds of local partnership have come under strong pressures to align local strategic priorities with the national 'floor targets' for public services which government has introduced. In the case of NDCs, a recent review of the programme (ODPM, 2004) proposes, 'in order to make it easier for NDCs to achieve outcomes', to 'steer' local partnerships to rationalise their top level outcomes to prioritise a small number of nationally defined core indicators, reflecting

government ‘floor targets’ which set minimum standards for public service performance. While there is still scope for NDCs to supplement these with local targets this needs to be negotiated with the regional government offices, and it is clear that the new regime will strongly direct local partnerships towards the prioritisation of national targets – a long way from original DPs reflecting local residents’ priorities. A similar process is affecting LSPs, both via the reviews of their Community Strategies which have mostly been undertaken recently, but also through the introduction of so-called LAAs. LAAs, initially piloted in a limited number of areas but now being rolled out across England, are a form of negotiated contract between central government and local government and other local agencies within the LSP, through which the LSP agrees to deliver higher levels of performance in service delivery, reflected in ‘stretch targets’, and in return for which government will offer certain ‘freedoms and flexibilities in the application of government funds and some additional resource. The LAA framework is constructed by central government around four ‘blocks’ covering ‘safer and stronger communities’, health and services for older people, services for children and young people, and economic competitiveness. Many LSPs are now reorganising themselves around the LAA block framework, and there is evidence that local CS objectives which are not aligned with the LAA are being relegated to second-class status. Parallel processes of centralisation are thus taking place in both NDCs and LSPs.

This new regime, however, faces serious problems. The negotiation of the pilot LAAs highlighted a number of problems which are potentially disabling unless they are addressed. Some of these are at the local level. There is considerable scepticism as to whether many LSPs are robust enough for the detailed negotiation involved in setting up the LAA, let alone persuading local partners to deliver it. Partly to overcome such problems, a tendency towards a two-tier partnership, prioritising the public sector partners who have most influence over the LAA, is emerging in some LSPs. This can happen formally, through the establishment of a ‘Local Public Sector Board’ within the LSP, or more informally. At the same time, not all local agencies are necessarily committed to the LAA if it seems to offer them relatively few gains in return for considerable effort.

Others problems though concern central government. The introduction of LAAs has also put pressure on the regional government offices, which undertake much of the detailed negotiation and monitoring of LAAs, but doubts exist about their skills and capacity to perform these tasks. And just as some local agencies are not convinced about the value of LAAs, the same is true of some government departments, with ‘silo’ behaviour still much in evidence.

Conclusion: The empire strikes back

The old empire is striking back. Traditional patterns of centralism and silo behaviour are re-asserting themselves as the ‘big battalions’ of traditional

government (ministries, local authorities, and other public agencies) circumscribe the influence of the 'light brigade' of local partnerships representing the new networked governance. Granovetter's (1973) famous 'strength of weak ties' is looking more like the weakness of weak ties and the enduring strength of the strong ties within and between hierarchically structured organisations.

Outcomes are, of course, still open. But if local partnership is to be more than a marginal feature within the institutional structure of local governance, there are three important messages from recent experience. First, although local partnerships need to be flexible and light on their feet, they still need sufficient capacity to undertake a range of tasks, and enough power and authority to play the co-ordinating roles which they are assigned. Secondly, more power would emphasise the need for local legitimacy and 'democratic anchorage' (Skelcher, 2004). This would imply better mechanisms for accountability and a more positive relationship with local representative democratic processes than is often the case at the moment. Thirdly and most importantly, governments must learn that supporting local partnerships will in the end mean little if local autonomy is withdrawn when the going gets tough. A 'new localism' which offers local actors real freedoms and flexibilities is not just for local benefit – to ensure that policies recognise local needs – but a mechanism to ensure that national policies connect effectively to local drivers of delivery.

Notes

1. Both evaluations were sponsored by the Office of the Deputy Prime Minister (now the Department for Communities and Local Government). The analysis presented in the chapter represents the views of the author, not necessarily of the evaluation teams or the DCLG.
2. Recent changes towards self-assessment for both LSPs and NDCs owe more to the overstretched capacity of Government Offices than anything else, given that government accepts that significant numbers of LSPs and NDCs are still not fit for purpose.

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7

Community Governance and Partnerships in Scotland and Australia

Kevin O'Toole and Katrina MacNab

Introduction

Over the past two decades we have seen a growing range of collaborative activities both within the state through 'joined-up' government (Perri 6, 2005; Shergold, 2004) and between the state, the market and civil society such as community-led initiatives, contracts, inter-organisational cooperation, joint ventures, partnerships, policy networks, public-private partnerships, social networks, strategic alliances and voluntary sector compacts (Giguère, 2002; Sullivan and Skelcher, 2002). The place of the local communities within these new collaborative activities is itself quite complex and there is much debate about the various forms that citizen participation can take (Ball and Maginn, 2005; Bovaird, 2005; Burton, 2004; Cook, 2002). Citizens have always played advisory roles on local boards, development committees and other community associations (Goss, 2001). But public policy now invests people with a wider governance role in partnerships and networks (Municipal Association of Victoria, 2004; Wettenhall and Alexander, 2000).

Local partnerships such as neighbourhood renewal and locality-based regeneration programmes have placed a greater emphasis on 'social inclusion' (Klein, 2004; Warr, 2005). The strategies used to achieve social inclusion are many and varied and there is often contestation between 'top-down' and 'bottom-up' approaches. When government agencies work with local interest s in partnership arrangements they can supposedly build trust in local communities and act as a type of democratic renewal process (Dryzek, 2000; Fung, 2003; Lowndes and Sullivan 2004). However, engaging communities in the political process creates a new challenge for governance. The underlying tension in the new forms of governance can be described as input-oriented (government by the people) and output-oriented (government for the people) (Scharpf, 1999).

Giguère and Considine raise the question in Chapter 1 whether collaborative arrangements in the new public policy environment actually lead to improvements in the measures to deal with social, economic and

environmental problems. This chapter focuses that question on two related issues: (i) how different forms of community governance impact upon locality-based partnerships and (ii) related to this, whether locality-based partnerships for economic and social development are sustainable beyond the present policy and programmatic environment. We explore these issues using the experiences of two projects, one in Wick, Scotland and the other in Warrnambool, Australia.¹

Joined-up government, community governance and partnerships

In reforms of the latter part of the twentieth century, governments were persuaded to move away from 'rowing' to take a more central role in 'steering' the system (Osborne and Gaebler, 1992). As a result, many government services were either privatised or contracted out in a variety of public-private partnerships (Linder and Vaillancourt Rosenau, 2000). Since partnerships were meant to deliver greater efficiencies for government, not-for-profit agencies and communities organisation have also been used as an ideal way to deliver services at a cheaper rate than the government agencies (Scott and Russell, 2000).

Partnership development can be hindered by much of the existing bureaucratic division of labour engendered by specialist departments (Page, 2005). The disciplinary basis and specialties of different departments create a tendency for them to act as silos where cross-cutting work across the boundaries is seen to be an 'unnatural' activity (Klein and Plowden, 2005). Notwithstanding apparent obstacles some governments have taken on the rhetoric of 'joined-up government' in an attempt to get beyond departmental silos, especially at the service level (Mulgan, 2003). While efficiency of service delivery appears to be the underlying motive for joined-up government there is also a perceived need on the part of some governments to re-engage the public in the political process.

The theory is that multi-agency partnerships will be more efficient through making better use of resources, more integrated by 'joining-up' dispersed service providers, and more accountable through increased knowledge of local resource allocation and service provision (Lowndes and Sullivan, 2004). Furthermore through getting government agencies to work with other local interests and communities, partnerships can build trust and act as a type of democratic renewal process (Lowndes and Sullivan, 2004).

Partnerships are not only used for service delivery. A great number have also been used to take a strategic approach to local issues and to coordinate programmes and services to address local priorities. As a special form of horizontal governance partnerships are analytically different from networks as they can be associated with various forms of social coordination and cooperation that involve hierarchical and market arrangements

(Lowndes and Skelcher, 1998). Partnerships are often broader than policy networks because they cut across different policy fields (see Giguère and Considine, Chapter 1).

It is argued that joined-up approaches can best activate participatory mechanisms at the local level in what may be called community governance (Banner, 2002). Since community governance can be characterised as an arena of local participation that includes all activities involved in the provision of local services or the representation of local interests to outside bodies (O'Toole and Burdess, 2004), it attempts to resolve the tension between a managerialist focus and more participatory forms of democracy (see Geddes, Chapter 6).

New Public Management approaches to governance create the 'citizen as consumer' (Ravenscroft et al., 2002), who has the right as an individual to express concerns but has little or no access to the decision-making about public policy making other than through periodical elections (Brodie, 2000). Joined-up government for 'citizens as consumers' is a top-down response to complaints, suggestions, comments or other customer requests. Unlike the 'citizen as consumer' approach where consumers are 'consulted' about state services and how they work for them individually, community governance is organised activity where citizens are encouraged to be involved in the decision-making process itself (Docherty et al., 2001; O'Malley, 2004).

For Sullivan (2001) community governance has three distinctive normative approaches. The proponents of the first approach argue for the reinvigoration of local government as the legitimate representatives of the community to play a strategic role among other groups and agencies (see Clarke and Stewart, 1998). As community organisations the local governments are legitimised through their representative role of governing *for* the people or output-oriented governance.

The second approach eschews the privileged role of local government in favour of a network system in which different actors at community level come together for specific purposes (Sullivan, 2001). Proponents of this view hold that local government needs to involve other partners to build local capacity but shouldn't be able to dictate the terms on which such arrangements are based (Stoker, 1996). The third approach is built upon the notion of citizen governance where neighbourhoods and communities construct their own forms of governing for their localised areas (Sullivan, 2001). Citizen governance is legitimised through local accountability mechanisms established at neighbourhood or small town level and may be termed input-orientated governance or governing *by* the people.

A central principle of community governance is that it is meant to enhance citizen participation through partnerships that are not limited to material re-development but also include community capacity-building (Robinson et al., 2005). There is a sense in which locality-based partnerships produce the conditions for enabling local communities to identify and

address their own needs (Smith and Beazley, 2000). According to Smith and Beazley, regeneration partnerships are established to produce outcomes for the mutual benefit of the participants that would have been incapable of being achieved independently.

Locality-based partnerships vary in their aims and circumstances depending on the strategic working of the partnerships involved. Macpherson (2006) argues that there are three distinct conceptualisations of strategic working:

1. Strategy as plan of action.
2. Strategy as changing organisational practices.
3. Strategy as multi-level organisational collaboration.

The first emphasises the importance of establishing action plans for implementing change. It is often a prescriptive approach associated with pre-ordained programmes or projects. The general approach adopted here is 'to set out in advance of receiving funding the problems they were concerned to address, their overarching vision and a set of objectives to be achieved during their funding life' (Macpherson, 2006: 187).

The second approach focuses on which organisations get involved, the way they get involved and whether institutional conditions either facilitate or limit how objectives are achieved at the local level (Macpherson, 2006). It is more about how organisations work together and importantly the change to the organisational practices brought about by the partnership structures. Its aim is to give organisations the ability to freely work in partnerships by releasing the resources required 'to achieve long term sustainable change within deprived neighbourhoods' (Macpherson, 2006: 188).

The third approach encompasses the ways that inter-organisational cooperation is used to build alliances between key organisations. Its focus is more about coordinating agencies in joined-up ways that lead to 'both vertical and horizontal integration pooling of budgets and organisational governance' (Macpherson, 2006: 189). This approach is more far-reaching than the first two in that it aims to build links from the local partnerships to the broader policy networks at local government and regional level. There is a much greater emphasis here upon joining-up the different levels of decision-making.

There may be hidden costs in locality-based projects, especially associated with human resources (Taylor, 2000). The staying power of volunteers is tested through a process of initial enthusiasm, then 'increasing demands on time and energy, anxieties and stresses of new roles, inevitable conflicts and frustrations and only marginal change, all leading to burnout' (Handler, 1996: 227). An important issue here is that while community groups may have legitimacy in the community, participation by locals will be minimal if there are little or no perceived outcomes (Tett, 2005). Furthermore 'It can be very fragile and dependent on the dedication of a handful of individuals'

(Robinson et al., 2005: 16). There is also a tendency towards elite sectoral interest where the leadership of different partners is often unelected and self-appointed (see Geddes, Chapter 6). Nevertheless, where resources are depleted and where people have been unable to rely on existing public arrangements, they turn to informal networks to seek some form of redress (Chaskin, 2001).

Depending upon the strategy adopted there will be different outcomes for community building in locality-based projects. Furthermore the types of community governance adopted will vary across neighbourhoods and communities. This chapter now turns to a short description of two different experiments found in Scotland (Wick) and Victoria, Australia (Warrnambool).

Two case studies: Pulteneytown People's Project (PPP) and Warrnambool Action Vision for Everyone (WAVE)

The two projects under consideration in this chapter are the Pulteneytown People's Project (PPP) and Warrnambool Action Vision for Everyone (WAVE), with particular reference to the East Warrnambool Residence Group (EWRG).

Pulteneytown

Pulteneytown is a small town of 8500 people in Northeast Scotland and is the half of the town of Wick that lies south of the river Wick. It was originally built by the British Fisheries Society (and designed by Scottish engineer Thomas Telford). For many decades Pulteneytown/Wick was the largest herring port in Europe. It was also the market town for Caithness. However, following the collapse of the fishing industry and decline in the crofting industry, Pulteneytown suffered from multiple deprivations. A survey conducted by the local Citizens Advice Board (CAB) indicated that there were many people who had significant debt and that there were a high proportion of young tenants in public housing. According to the CAB survey a significant indicator of deprivation in the area was the high take up of free dinners (33 per cent) in the local school compared to the 9–13 per cent elsewhere.

Following the survey, the CAB held a meeting where five agencies were invited to make presentations about their activities.² At that meeting, the Caithness Voluntary Group (CVG) asked the Pulteneytown residents if they wished to form a local community group. Their response was overwhelmingly affirmative. The outcome was the establishment of the PPP in May 2002. With the support of the CVG and the Caithness and Sutherland Enterprise (CASE) that had received some funding from the European-funded Community Economic Development (CED) programme, the PPP started receiving funding in February 2003. The project was also supported in kind by the Highland Council who supplied a flat from their public housing stock in the area to be used as an office/base for the project. The PPP was unlike other local development programmes such as the Social

Inclusion Partnerships (SIP) that form a major part of the Scottish Executive's approach to community capacity building (Macpherson, 2006).

The PPP has a Management Committee consisting of up to 15 people that oversees the project. All of the committee is elected except for the two school principals, one from the local primary school and one from the Wick High School. There is also representation on the committee from the local police, but they are observers at meetings and do not have voting rights. Elections take place each year for the committee, with a restriction that no one member can serve on the board for more than five years.

The PPP meets every third Wednesday and the attendance at meetings is usually reasonably high. At least 60 per cent of all committee members attend the meetings. The turnover of members on the committee has been managed well so that the committee does not lose all its organisational knowledge at one time. Managers of the different programmes report every six weeks on operational issues, and on alternate meetings the committee discusses more strategic issues such as funding, costs, community centre update etc.

The PPP does not have to report to any other organisations, except to meet funders' auditing and accounting requirements. The PPP is engaged in 'partnership meetings' where the council, the college, police and other agencies come together and discuss the progress of the PPP and where there are opportunities for more collaborative activities. Because of the limit on staff resources in the PPP these meetings have not been as regular as the PPP would like. However, the PPP does also sit on a number of working groups – Vandalism Action Group, CCTV working group, Wick 21 (looking at Wick in the 21st Century), Wick Project (various groups/council/harbour board working in area) as well as being one of the lead members of the Community Regeneration Group which was set up recently to look at the best way of spending money (£60k) to regenerate Pulteneytown.

Warrnambool

The City of Warrnambool is located strategically on the Great Ocean Road coastal corridor from Melbourne to Adelaide, has a population of over 30,000, and acts as the main service centre for a wide outlying area. The main focus for the WAVE project was East Warrnambool, an area that had significant social issues including a high proportion of families trapped in a poverty cycle, no available childcare, lack of training/educational opportunities for parents, long-term unemployment, no incentive to work for people on welfare payments, low school attendance rate among a number of local youth and a number of families where both parents regularly misused alcohol/drugs. The rate of single parents (mostly mothers) with under fifteen-year-old dependents living in the area was more than double the rest of Warrnambool. It was a major area in Warrnambool for illegal drugs and the community purportedly suffered from the perception that it was a 'no-go' area for members of the wider community (Warrnambool City Council, 2003).

In October 2001 a community project-planning workshop was organised by Warrnambool City Council for the Office of Community Building in Victoria to outline the goals of a community building project and to seek the commitment of services and community groups to identify and select neighbourhood areas for the project. The project was named WAVE – Warrnambool Action Vision for Everyone.

It was not until October 2003 that the WAVE manager organised a meeting at the local church hall for a group of citizens in East Warrnambool in which only ten residents attended. From the beginning there was a 'fear' factor associated with being a member of the fledgling EWRG. Many of the residents were afraid that their attendance at the meetings would be seen by some elements in the local neighbourhood as colluding with 'authorities'. There was also significant cynicism about whether a residents group would be able to achieve much since previous strategies had failed to achieve results on such issues as a skate park for the area. Furthermore there was anger towards the Office of Housing for dumping so many families in crisis into one small and poorly resourced community. This was coupled with an ignorance of the role of various relevant service providers and a feeling that service providers treated the area like a 'leper colony'. By the end of the project, however, the EWRG had become an incorporated group and had achieved some significant outcomes for the area. However, while the EWRG received community development and administrative support from the WAVE operatives during the project, once the funding ran out there was no ongoing money for the local committee to continue many of its activities.

The governance of WAVE varied across the three different phases of the project. In Stage 1 of the project, a reference committee was established comprising 17 nominated members with all of the members from government and non-government agencies under the auspice agency of the Warrnambool City Council. While the decision-making about the future direction of the project was in the hands of the reference committee, this was often subject to the overview of the Office of Community Building in the Victorian Government.

With the announcement of Stage 2 of the project, an Interim Steering Committee was established consisting of 13 voting members from six local service agencies, six community members and a youth representative. The six community members were chosen on the basis of two from each of the areas of East Warrnambool, West Warrnambool and Merrivale-South Warrnambool.³ The number of community members was increased to eight in July 2004 when it was decided that Merrivale and South Warrnambool could be identified as separate neighbourhood groups. There were three non-voting members including the WAVE project manager, a representative from WCC as auspice agency and the Department of Sustainability and Environment as the lead department. The Management Committee was given the major decision-making role in the project, with the Council acting

as an administrative support in its auspice capacity. The Resident Services Department provided the non-voting representative on the Management Committee, line management for the project manager, and coordinated support for the project throughout Council.

The governance of the project by the Management Committee had some significant problems. Two major issues were attendance at meetings and change of personnel. Of the 16 meetings held after the establishment of the Management Committee five were inquorate. From July 2004 when the number of community members was increased to eight, attendance by community members averaged five while during the same period agency attendance averaged two. This was further exacerbated by changes to community membership on the committee. By December 2004, there were only three of the original six community members left who had served for more than six months on the committee.

Discussion

The PPP and WAVE projects are both examples of a 'project-based' approach to issues of social exclusion where partnerships are designed to fill service gaps in service provision to fill a specific need (Macpherson, 2006). As locality-based initiatives, they target communities in need of priority action, they support cross-cutting approaches to service delivery, they promote local partnerships and they encourage flexibility in the spending of public funds (Lloyd et al., 2001). Beyond that though, the two projects have a mix of different approaches to community governance and strategic working.

Community governance

In governance terms there are quite distinct differences. In the case of the PPP, leadership of the programme was left almost entirely in the hands of the local Management Committee except for reporting and compliance with funding arrangements. The Highland Council was not represented officially on the Management Committee⁴, and reporting to the Highland Council was only in terms of the use of the five public houses. The local committee employed its own staff to carry out the operational goals of the project. Furthermore the PPP had full autonomy in deciding the choice of partnerships it entered into. It was not determined by any overarching agency such as local government. In this sense the PPP is a self-governing neighbourhood group that works towards achieving outcomes for their own local area as citizen governance (Box, 1998).

In the case of the PPP the neighbourhood group has developed its own institutional identity with the trappings of organisational life (Stoker, 2005). It has a good support base and has established 'its own narrative of what needs to be done and what things can be achieved' (Stoker, 2005: 168).

However, its reliance upon short-term funding means that its long-term aims are always at risk, and further, writing reports to various funding and grant awarding agencies is very resource consuming for its limited support staff (Macpherson, 2006). Nevertheless the PPP now has a developed capacity for writing funding submissions that will assist its longer term sustainability.

WAVE was more akin to a local government centred approach. The Management Committee was essentially part of the Warrnambool City Council who acted as the auspice agency for the project. The community groups, especially the EWRG, had representation on the Management Committee but did not really control their own affairs. As the EWRG was established after the first phase of the project, the East Warrnambool residents had little input into the strategic directions adopted for the second and third phases. It was the local council who employed the staff and who held the purse strings for the project. The form of community governance in this instance was through the traditional pillars of representative democracy and its organisational bureaucracy (Smith and Sullivan, 2003).

Within WAVE the EWRG was able to establish an identity for itself as a resource for the local residents. It has a local support base but since it does not have its own autonomous funding sources, its decision-making is limited. While EWRG did not have to spend time applying for funding sources for its own maintenance it did not develop the capacity for submission writing, an essential skill for sustaining the resource base of neighbourhood organisations (Robinson et al., 2005).

Strategic working

The types of strategic working used by the two projects were quite different. The partnership working in the PPP falls within the strategy as changing organisational practices framework (Macpherson, 2006). The ability of the PPP to initiate its own partnerships without reference to an outside auspice agency gave it an advantage in responding to local needs. It has acted as a catalyst in drawing other agencies into 'joined-up' responses to particular needs. For example, the Homelinks programme brought together a number of agencies to achieve a more holistic approach to assisting youth to develop independent living. The partnerships strategy is aimed at re-deploying resources from a number of different programmes for youth in the area.

The original and subsequent PPP applications for funding sources respond to the guidelines of the various agencies and to that extent there is some adherence to the strategy as plan of action approach. The very structure of community funding incorporates such a strategy in that the agencies fund community groups within some pre-determined guidelines. Accordingly, community applicants (in this case the PPP) have to abide by those guidelines and fit their activities into a broader plan of action if they wish to be part of the strategic partnership. However, the PPP has

been able to utilise its funding to create its own resource base to develop further partnerships. It is this ability to be able to direct its own strategic framework that makes the PPP a special example.

The PPP's adoption of the changing organisational practices framework does not fit the SIP that are a major element in Scottish approaches to community capacity building. The SIP idea equates more with the strategy as plan of action approach that includes a vision statement and priorities for action; a list of partners, including community members; an outline of the proposed programme of work to be undertaken; and reflections on how activities would link with other regeneration activity also taking place (Macpherson, 2006). The PPP has its own mission statement and constitution but it is driven more by bottom-up approaches to partnership working rather than the dictates of a SIP framework.

The institutional structure of the PPP, while dependent upon grants for its initial establishment, is now developing a mix of fees and grants to sustain the organisation into the future. In so doing they can begin to build their assets and enter into partnerships with other government and non-government agencies in a more equal way. Certainly the PPP is not in the same position as their statutory partners at local and central levels, but they are attempting to build a more sustainable asset base.

The WAVE project was a mixture of strategies. In the first place the WAVE project illustrates the strategy as plan of action. The WAVE project in phase one was given funding to develop a set of aims and objectives related to a series of problems derived from a community consultation process. Before funding was made available for phase two the Interim Steering Committee had to set out their overarching vision and a set of objectives to be achieved during life of the project. Funding was not allocated until the WAVE aims and objectives fitted those of the Office of Community Building. While it was supposedly locally driven, it was the centre that had to approve the phase two aims and objectives. In other words it was to be coordinated with local action that would be under the steering guidance of the centre (Stoker, 2005).

WAVE also adopted a strategy of changing organisational practices through the development of four task groups. By allocating funding to task groups the Management Committee wanted to create partnerships with different agencies to develop new ways of responding to social needs. For instance, a business linkages/employment pathways (BLEP) task group facilitated three partnerships aimed at getting agencies in the public and community service organisations working together towards alternative ways of handling particular social issues. The three partnerships (the Skateboard Project, the Young Mother's Well-being Project and the Alternative Learning Project) established a degree of joined-up activity on the part of agencies such as Brophy Family and Youth Services, South West TAFE (Technical and Further Education), Community Connections, the

Department of Housing and other state and not-for-profit organisations, but there were more partnerships between existing agencies rather than with the EWRG.

While there is a strong undercurrent of cooperation in WAVE's strategy of changing organisational practices that apparently enabled satisfactory outcomes for citizens, what is missing is the actual transfer of power that is the key to empowerment for citizens and communities (Handler, 1996). Since public agencies have legitimacy for their roles in existing power relations they are unlikely to relinquish any resources that maintain their position (Balloch and Taylor, 2001). The partnerships between the various agencies in the different task groups did not include the EWRG even though the EWRG had membership on the WAVE Management Committee.

WAVE also attempted a third strategy of multi-level organisational collaboration through the development of a Reshaping Serviced Delivery (RSD) task force. The RSD's major aim was to focus on programme and policy issues that would enable more joined-up government. The RSD initiated three significant projects including public housing allocation policy, after hours crisis support and a data sharing among agencies in Warrnambool. What they found in the data sharing project reinforced the findings of other studies that indicated that coordinating service delivery for individual clients is not only technically difficult it can also be subject to other legislative requirements such as privacy (Page, 2005). Furthermore, most departments collect data for records of service activities that are mainly used for reporting, accounting and auditing purposes (Page, 2005).

The WAVE project, while succeeding in the production of a wide range of outcomes for different groups, ran into some difficulties by attempting to adopt a mix of strategies. First, the EWRG did not really develop the same type of independence as that enjoyed by the PPP. The EWRG did make suggestions about its aims for East Warrnambool but they were always filtered through the WAVE Management Committee. There was no separate budget (except for a small AUS \$5500 grant) that could be controlled by the EWRG and the appointment of support staff was in the hands of the local government. The result of this was that EWRG was only part of the advisory framework rather than the directorate. The EWRG was being steered by the central and local agencies.

Second, the aim of reshaping service delivery in WAVE was mainly in the hands of the government and community service agencies. There was some input from the community representatives but the suggestions for changes to the policy areas under discussion have not really come to anything. The partnerships that were developed were more about a meeting of agency representatives to discuss specific policy issues rather than any particular change to organisational practices.

Conclusion

In this chapter we set out to discover (i) how different forms of community governance impact upon locality-based partnerships and (ii) related to this whether locality-based partnerships for economic and social development are sustainable beyond the present policy and programmatic environment. What we learn from the different experiences is that the tensions between the input-oriented and output-oriented forms of community governance bring different results for partnership working and its sustainability.

Input orientated forms of community governance such as that displayed by the PPP demonstrate how a local organisation can build a neighbourhood institution that develops partnerships from below and how its sustainability is not now dependent upon initial programmatic funding. While it still depends upon funding from a range of other programmes, the PPP has developed the requisite skills in submission writing and presentation. As an organisation the PPP now has the capability of building local partnerships to achieve particular needs for the local community, working with local and central governments.

Nevertheless, while the PPP is able to act as a catalyst for local partnerships it still has to abide by agency guidelines that are predetermined by central policies. Furthermore it still needs to maintain support from local government in much of its infrastructure, especially its housing infrastructure. Thus while the PPP may be input orientated in its approach to community governance it still has to work within the output orientations of many of funding agencies.

Output orientated approaches to community governance such as the EWRG highlight the 'top-down' nature of governing where central governments devise the programme and then seek to exercise control over its direction. The EWRG was established under the auspice of local government where members of the local community had some access to decision-making within the framework of wider partnership with other local agencies. Under these governance arrangements the EWRG had 'representation' on the operation and management of particular projects funded by central government agencies but not the final decision-making power. This reinforces Geddes' argument in Chapter 6 that central governments 'regard local institutions as dependent mechanisms to achieve central targets, and to prioritise managerialist control over local autonomy and initiative'.

The EWRG was able to highlight the local issues that needed resolution and lobby and put pressure on agencies to service the highlighted needs and work with service agencies to direct resources into specific issues but it did not build the local resources required to still function adequately beyond the project period. Nor did local government incorporate the learned processes of the project into its mainstream functions. The emphasis on 'community' in the local government has returned to the more traditional pillars of

representative democracy and its organisational bureaucracy and shifted the emphasis away from citizen governance in local regeneration.

What this chapter indicates is that the answer to the question posed by Giguère and Considine (Chapter 1) about the efficacy of collaborative arrangements for improving social, economic and environmental issues for local communities will depend upon the governance arrangements in any one particular place. Balancing the needs of local partnerships and the demands of New Public Management with its emphasis upon hierarchical forms of accountability, regulation, inspection and performance management require special attention for those involved in community governance. Both the PPP and the EWRG have legitimacy in their own neighbourhoods but more participation will only come if the people gain confidence in their ability to achieve local outcomes within a broader framework of community partnerships and access to skill training and development. In this sense partnership working needs to see central and local governments free up budgetary allocations and local operatives to respond to the needs of people at the local level. Adopting these broader strategies of organisational change opens up the possibility of both responding to the dictates of central policy makers while at the same time adapting to local conditions, one of the conditions for success identified by Giguère and Considine.

Notes

1. Kevin O'Toole was the evaluator for the WAVE project in Warrnambool 2003–2005 and spent time on study leave in Wick in 2005.
2. The agencies involved were CAB, Communities Scotland, Highland Council, Ormlie Residents Association (from Thurso 20 miles away) and Caithness Voluntary Group.
3. During the course of the WAVE project a number of other neighbourhoods were introduced into the programme from three other areas of Warrnambool, two revitalised groups in Merrivale and South Warrnambool, and a newly established community group in West Warrnambool.
4. Katrina is a councillor on the Highland Council but she attends the management committee as the Economic Regeneration Manager of the PPP funded by the PPP itself.

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8

Harmonising National and Local Goals in New Zealand

Mike Reid

Giguère and Considine state in the first chapter of this volume that a central expected outcome of partnerships is the formulation and implementation of proposals that are based on the local context and that give orientation to national policies and programmes. Harmonising national policy goals and local priorities remains a great challenge in all advanced economies. It requires priorities to be established in a clear and transparent way locally, and policies to be flexibly implemented to support significant geographical variation in application. Pressures to deliver public services at the lowest possible cost exacerbate this difficulty. This chapter considers this challenge in relation to recent changes to local government legislation in New Zealand, which has considerable implications for the implementation of national policies. It examines the influence of collaborative principles within the Local Government Act 2002 (LGA 2002) and considers the degree to which a new form of local governance is emerging.

The emergence of a governance discourse

Governance is a concept that has come to be much in vogue as enthusiasm for 'less government more market' type ideologies has begun to wane, particularly since the mid 1990s. Latham (1998), for example, argues that the old ideologies of the left and right are unable to deal with the challenges of an information society and economic globalisation and are giving way to view new paradigms that give greater attention to issues of community and place. Top-down initiatives that focus on the relationship between the state and citizens need to be replaced by strategies which focus on the formation of shared values and the quality of relationships between citizens. Commentators who address the limits of the state and argue for new forms of governance commonly see freedom of action by traditional state actors diminished while at the same time the policy space available for local political actors is expanding (Giddens, 1999; Harmsworth, 2001; John, 2001).

This new space for political action creates opportunities for policy networks which have historically been unable to influence decision-making at the national levels and creates an environment where innovation and policy learning is more likely to flourish. Skelcher et al. describes this development in terms of 'partnership governance' involving 'self-reliant communities of place and interest, where cooperation rather than competition contributes to consensually set social values and goals (where) local communities collectively identify impediments to a better quality of life ... and work together to construct the space for creating long-term sustainable solutions' (Skelcher et al., 2004: 9–10).

The idea of sustainable solutions endorses the importance of dealing with issues in a multi-dimensional and locally flexible way, a style that embraces joined-up approaches to solving social problems. Whether such arrangements represent the model of public organisation for the 21st century and reflect an emerging consensus around some form of partnership ideology, or is simply a pragmatic compromise 'between bureaucratic centralisation and privatisation' (Considine, 2005) is not yet clear. Are we witnessing the formation of new forms of governance or are we being side-tracked by what might be just the latest fashion in public policy chic? Is governance simply this generation's 'big idea'?

The governance literature is concerned with the challenge of how to manage in an environment in which decisions are increasingly being made by a plurality of governmental and non-governmental organisations. The resulting coordination and accountability issues are seen to require governments to adapt both processes and institutions to manage in the new environment. For local government, the challenges are to significantly reshape their historical emphasis on councils as organisations. For example, Stewart and Clarke (1996) identify three major characteristics that councils will need to emulate if they are to operate effectively in the new governance oriented environment. They suggest a council should have

- a concern for the full range of issues as they affect the citizens that live within the local authority's jurisdiction, including those issues in which the council is not a service provider;
- a readiness to work in many different ways beyond that of a provider of services. To be effective a local authority must be able to act as advocate, facilitator, enabler and be prepared to use a range of alternative service delivery options; and
- a willingness to get close to their communities and provide citizens with opportunities to influence priorities and decisions. Democratic legitimacy is strongly correlated with the level of participation within the community governance framework.

Clarke and Stewart also suggest that councils will need to embrace a much greater range of roles, ranging from community leadership, community

partnerships, community monitoring, community advocacy, community responsiveness, community balance (reflecting diversity) and community empowering. Balancing these roles, particularly roles concerned with the macro-level issues of the area as a whole and the micro-level particularities of neighbourhoods and relationships within the city/district, is essential if effective community governance is to be achieved (see also Filkin et al., 2000; Stoker, 2000). Although developed in the context of the United Kingdom, the idea that local government should be a key player in local and regional networks has come to have wider prominence, including in New Zealand.

New Zealand local government – a call to collaborate

While the New Zealand model of local government, in terms of funding, functions and contestability, is something of an outlier and attracts international attention, its approach to the issue of collaboration might be of equal interest. The effect of recent reforms suggest an innovative model of governance that combines an interdependency of public, private, semi-private and voluntary actors while enhancing opportunities for citizen involvement in decision-making. The country has frequently proved to be a laboratory for new ideas and local government reform may be no exception.

The country is a parliamentary democracy; there is no upper house and only two spheres of government – national and local. There is no written constitution and local government is a creature of statute. There are 85 councils, 12 of which are regional councils, primarily concerned with environmental planning and regulation, although functions do vary. In terms of expenditure the nation is highly centralised; local government spends less than 10 per cent of public expenditure and is roughly 2.8 per cent of the gross domestic product. Councils raise 90 per cent of their own income, largely from various forms of property taxes and charges, and have a high degree of autonomy. The accountability framework is strongly local, based on prescribed levels of community consultation and engagement around annual and long-term planning. Obligations to engage with affected communities when making decisions also exist. Parliament and its agencies maintain an oversight of council process rather than content. Except in very rare situations, which are highly prescribed, government ministers have no power to override a lawfully made council decision.

The most recent phase of local government reform in New Zealand followed closely on the election of the Labour Alliance coalition in late 1999. Both parties went into the 1999 election campaign with substantial local government policies which combined a vision of councils as active players in the task of building stronger communities along with proposals for strengthening accountability back to those same communities.¹ Both supported legislative frameworks that would empower local authorities to better respond to community needs and preferences with Labour's policy highlighting one of the themes that would later be a major policy driver in

local government reform, namely the need for 'local bodies to operate with autonomy and freedom within a collaborative framework that allows levels of government to work for the best outcomes for communities'.²

The new government's desire to reform and empower local government coincided with increasing concern about the growth of policy and operational silos in the core public service, following a decade of change strongly influenced by new public management principles (Boston et al., 1996). Silos reflected an over-reliance on vertical accountabilities, typically the practice of judging departmental performance against narrowly defined objectives, which diminished the capability of the public sector to respond strategically and take a 'whole of government' approach (Schick, 2001). The new government responded with a range of initiatives designed to address what it saw as a lack of coordination and alignment between departments and public agencies. Although not central to these reviews, the resulting recommendations to improve inter-agency cooperation identified the potential of local government to promote joined-up initiatives at the sub-national level. Particularly the need for the public service to 'get closer to citizens and the community, to understand their needs more and to focus more on achieving results ... one agency cannot do it alone – agencies have to work together and with communities outside Wellington' (SSC, 2002).

While the government developed its own strategies for addressing the silo problem, for example the development of an outcome based accountability framework, the idea that councils could facilitate the 'joining-up' of services at the sub-national level was having influence within sections of the bureaucracy.³ Partnership discourse, notably absent from the public realm since the defeat of the Labour government in 1990, began to find a new vigour following the party's re-election and nowhere was this signalled as strongly as in its approach to the new local government legislation. From the new government's perspective it was keen to complete the modernisation of local government that began in earnest while it was in office a decade earlier. The answer lay, in what was for NZ, a new paradigm based on the idea of general empowerment rather than the doctrine of *ultra vires* that underpinned its predecessor. The new 'idea' of local government, promoted in the Local Government Act 2002 (LGA 2002), placed newly empowered councils in the centre of a matrix of local and regional 'joined-up' governance arrangements.

The success of the Labour Alliance coalition created a national policy-making environment sympathetic to new policy ideas, particularly policy narratives that were seen to bridge the divide between the largely market-driven priorities of their predecessors and the highly centralised welfarism of previous governments (however attractive it might have remained to members of the Alliance). The new government's solution was found in the market-*lite* third-way politics associated with leaders like Bill Clinton and strongly articulated by New Labour in the United Kingdom (Thomas and

Memon, 2005). From the perspective of the third way, the state was neither the problem nor the solution. The nature of the challenges facing societies are regarded as such that no single agency acting alone can hope to resolve them – not the state, not the market, nor civil society. This paradigm suited the incoming government which sought to be ‘modern’ in its approach to policymaking and sought to forge relationships with a broad range of sectors, for example, business, communities and indigenous peoples. It was a signal for a new approach to problem-solving and the government’s attitude towards local government was no exception.

The idea of councils working in partnerships and participating as part of wider matrix of governing organisations emerged early in the review process. Within its first year, the government outlined its overall review intentions and provided a succinct statement endorsing the third-way themes in ascendance at the time:

central and local government (as) two arms of our system of government with a shared focus on contributing positively to the well being of communities. The social, economic and environmental problems confronting NZ are not capable of being solved by central government alone. ... the legislation needs to give local government sufficient scope for it to be able to work in partnership with central government, and with community and business.

(Statement of Policy Direction, 2000: 3)

The partnership idea provided a familiar paradigm for describing the relationship, particularly the government’s interest in more integrated public decision-making and public participation and underpinned the government’s review objectives:

One of the underlying objects of the review of the LGA is to encourage increased participation of citizens and communities in local government. ... Citizens and communities want to tell councils what their aspirations are and seek information from their councils about how these aspirations can be met. It is proposed that long term council plans will include the identification of desired community outcomes.

(Consultation Document, 2001: 8)

From the Government’s view the emerging local government paradigm addressed not only the inter-dependency of public and private actors but also strengthened citizen involvement in decision-making. Partnerships, however, were not to be confined only to relationships with central government. In order to achieve sustainable social, economic and environmental outcomes, central government needed a partnership with local government which it saw as having a capacity to interface with community organisations, a wide

range of non-governmental organisations and with Maori. From one perspective, collaboration would need to be an essential tool if local government was to deliver on its new official purpose, given that the new LGA 2002 provided no additional funding or funding tools. Without the active involvement of other sectors, councils would struggle to achieve a purpose which included a duty to 'promote the social economic, environmental and cultural well-being of communities, in the present and for the future' (LGA 2002). In the end, the legislation came to be infused with a collaborative imperative, reinforced by the introduction of a range of principles to guide local government decision-making. These included a requirement that councils consider collaborating with other local authorities and bodies as appropriate as well as the explicit reminder that councils should act in a sustainable development manner.⁴

The passage of the LGA 2002 was accompanied by a major reinvestment in departmental policy capacity as well as a precedent-setting decision to involve local government officials in the policy work. Led by Local Government New Zealand, the association representing all local authorities, dozens of local government personnel took part in inter-departmental teams working on the policy development phase of the legislation. One result was that the legislative process itself modelled the idea of local central partnerships, which came ultimately to be reflected in the legislation and proved a precedent. A second result was that the review was able to draw on a much wider range of experience than if it had been undertaken by central government officials alone, as well as a more robust view of local government. For example, a number of the local government officials were involved in the 'Cities of Tomorrow' network which had grown out of the Bertelsmann Foundation's initiative to find the best-performing local authority a few years earlier. Those officials acted as a channel through which ideas and concepts popular in the UK and Europe, such as subsidiarity and community governance, were fed into the policy-making arena. One of these concepts, the idea of community strategies, had some influence on the design of Long Term Council Community Plans (LTCCPs) and reveals the influence of network governance discourse.

Taking an integrated approach to community strategy

The requirement to identify community outcomes and adopt a LTCCP replaced the earlier approach to long-term planning, the Long Term Financial Strategy (LTFS), which was introduced in 1996. The LTFS framework emphasised long-term financial planning, the preparation of asset management plans and corresponding funding disciplines, but lacked any community-based strategic context. As officials advised the government during the LGA review, the LTFS had failed to provide 'elected representatives with the information they need to assess whether the activities they are involved in are the best way of tackling particular issues and problems; and

make sense in terms of the financial and social, cultural and environmental goals of the community'.⁵

The LTCCP is a substantial planning document which has a 10+ year planning horizon and is reviewed at least once every three years. Councils are required to consult widely on the policy and operational proposals contained within the plan and in a departure from previous practice, all draft plans, prior to public consultation, must contain an audit opinion about the accuracy of the assumptions underpinning the financial and operational forecasts. A critical part of each council's LTCCP is the accuracy of their asset management plans, and the audit process pays particular attention to the degree that asset renewal and maintenance are provided for in each council's financial forecasts. For the purpose of this chapter, our interest is in the degree to which the LTCCP is likely to achieve its objective to provide for integrated decision-making. As noted above, the LGA 2002 introduced a requirement that plans be linked to a statement of community outcomes, and it broadly outlined the process for achieving this. The process involves a strong networked approach, worth quoting at length, including:

Section 91: Process for identifying community outcomes

- (1) A local authority must, not less than once every 6 years, carry out a process to identify community outcomes for the intermediate and long term future of its district or region.
- (2) The purposes of the community outcomes process are:
 - (a) to provide opportunities for communities to discuss their desired outcomes in terms of the present and future social, economic, environmental and cultural well being of the community;
 - (b) to allow communities to discuss the relative importance and priorities of identified outcomes to the present and future social, economic, environmental and cultural well being of the community;
 - (c) to provide scope to measure progress towards the achievement of community outcomes;
 - (d) to promote better co-ordination and application of community resources; and
 - (e) to inform and guide the setting of priorities in relation to the activities of the local authority and other organisations.
- (3) A local authority may decide for itself the process that it is to use to facilitate the identification of community outcomes under subsection (1), but the local authority:
 - (a) must, before finally deciding on that process, take steps:
 - (i) to identify, so far as practicable, other organisations and groups capable of influencing either the identification or the promotion of community outcomes;

- (ii) to secure if practicable, the agreement of those organisations and groups to the process and to the relationship of the process to any existing and related plans;
- (b) must ensure that the process encourages the public to contribute to the identification of community outcomes. (LGA 2002)

The Section 91 provision requires that at least once every six years all local authorities should facilitate a process to enable citizens to identify what it describes as ‘community outcomes’, in essence aggregated desired future states. As facilitators, councils are expected to take reasonable steps to get agreement from other organisations and groups, defined as having the capability to influence local outcomes, with regard to gaining agreement on the design of a suitable consultative process to enable outcome identification. Outcomes are not technically adopted by local authorities – in a strict sense they are ‘recognised’ – and must be included in each council’s LTCCP, along with both a description of the process by which they were identified, the degree to which council activities contribute to them and any agreements the council may have negotiated with other agencies to contribute to them. In broad terms the ‘community’s outcomes’ provide the rationale for council activities as well as providing the information that should help agencies prioritise their services and reduce duplication and fragmentation.

The new framework extends the idea of collaborative strategic planning beyond the organisation. McKinlay argues that the outcomes process is a whole of community approach to strategic planning and represents a ‘fundamental shift from conventional local authority planning and consultation’ (McKinlay, 2004: 13). In his view, the new Act, underpinned by the community outcomes process, is a departure from the previous regime in which the core business of councils might be described as the provision of infrastructure, cultural and recreation facilities. To achieve what he describes as community strategic planning, councils will need to become actors in the broad range of community issues, including those where they have a minor or no role as a service provider – in other words active players in multi-layered networks.

The provisions underpinning LTCCPs appear to envisage some form of conversation between high-level national outcomes and locally defined priorities in accordance with community wishes. The government noted that ‘collaborative working at a local level will require careful balancing of local needs with national priorities and policy directions ... local authorities have a key role to play brokering relationships between government services and communities at the local level’ (SSC and MSD, 2003: 22). Although the mechanisms for achieving this remain remarkably undeveloped, the Minister of Social Development described it as ‘strengthening the whole of government collaborative activity’, something which he noted

was already happening in many local authority areas (the Hon. Steve Maharey quoted in McKinlay, 2004).

Community strategic planning – the basis of collaboration?

Underpinning the idea of network governance is the suggestion that public/private collaboration is necessary to address social, environmental and economic concerns (Considine, 2005). Given the policy language accompanying the passage of LGA 2002, it is reasonable to assume that at least the policy makers had sympathy for this basic proposition, but can the LGA 2002 deliver? In addressing the question it might help to examine some of the influences from which the policy makers drew their inspiration – to some degree the 2002 legislation was simply modelling what had come to be seen as best practice. The strategic planning experience of two local authorities undertaken prior to the passage of the LGA 2002, Manukau and Porirua Cities, was influential.⁶

Manukau City's strategic plan, 'Tomorrow's Manukau' was built around a number of negotiated outcome areas in which the council's role was described as 'facilitating communication, coordinating activities and ensuring activity is focused on achieving the vision' (Vestur, 2002: 6). The plan enlisted the support of approximately 90 organisations – government departments, voluntary organisations and private sector firms. Each outcome domain had a separate inter-agency steering committee which was responsible for appointing a champion. Participating organisations were asked to contribute their own strategic goals and many were designated 'action leaders'. In addition to Tomorrow's Manukau, the City Council chief executive chaired a monthly meeting of all government departmental heads operating in the city. That mechanism, which focused not only on sharing information but identifying gaps in services and agreeing priorities, has since been replicated in a number of other cities.

Porirua City's strategic plan, covering the decade from 2000 to 2010, involved a participatory process with strong buy-in from voluntary organisations and was designed as a way of increasing cooperation, dialogue and coordination between different sectors within the city (Lynch et al., 2001). Like the Manukau example, Porirua built their plan around a number of outcome domains, each domain contained specific performance measures (monitoring reports have subsequently been published) and various agencies have made public commitments to work towards the achievement of each of the outcomes. For example, following a public meeting an inter-agency working group, including representatives from government departments, was established to advance the 'housing' objective. Partnerships were also set up in the domains of education, health and economic development.

Although full compliance with the LGA 2002 was not required until July 2006, a number of councils voluntarily adopted the new requirement to

identify community outcomes ahead of time. One of the early compliers was the Taranaki region, an area composed of four local authorities – New Plymouth, Stratford and South Taranaki Districts along with Taranaki Regional Council. The four councils undertook a regional process to identify community outcomes involving community and stakeholder meetings, surveys and interviews, and seven outcomes were identified. A network of the four councils as well as the Taranaki District Health Board, Ministry of Social Development, Te Puni Kokiri (Ministry of Maori Affairs) and the venture Taranaki Trust (the region's economic development agency) was formed to oversee the achievement of the seven outcome areas. Known as the Future Taranaki Facilitation Group, the network published its first report which maps progress towards achieving benchmarks set for each outcome in April 2006. For example, the outcome 'region that values and supports learning so that all people can play a full and active role in its social, cultural and economic life' is assessed against benchmarks, such as the level of educational/vocational qualifications compared to the national average, and the number of school leavers without qualifications. The seven outcome areas cover security and health, prosperity, skills, sustainability, social connectedness, vibrancy and broadband penetration. The report is an attempt to create an integrated mechanism for not only measuring quality of life in the region but also holding agencies to account for the success or failure of policies to enhance that quality of life.

Not surprisingly practice among the early compliers varied and reflected more emphasis on the process for community engagement than inter-agency coordination and planning, although there is some evidence the process has strengthened existing networks. A survey of Councils of Social Service (COSS), undertaken in 2005 on behalf of their national office, found that where the community outcomes process had been undertaken by an early complier, respondents felt they had 'got to know key local authority staff better and there was increased dialogue' (Johnston et al., 2005: 22). COSS are umbrella groups consisting of local social service agencies and generally preferred to be seen as an active partner than just another group. Where good relationships existed they were put down to the effect of long-lasting and strong links with elected members and council staff, as well as credibility. The lack of credibility or respect was a factor in situations where relationships were poor. A constraint on the active participation of local COSS was both the willingness of local authorities to take a collaborative approach to their strategic planning responsibilities and the capacity to contribute, given that most rely on volunteers of each COSS branch. Factors that enhanced the community outcomes process for COSS participants included

- independent facilitation of the community outcomes process;
- meaningful communication and dialogue rather than merely disseminating information;

- councillors who are champions of community development;
- a mayor who has broad community contacts and (ideally) who has knowledge of Maori community and other key constituencies (including socially excluded groups); and
- wise and knowledgeable coordinator and/or chair and/or manager/director of the COSS (Johnston et al., 2005: 49).

The designers of the LGA 2002 would appear to have done all they could to ensure that both the process for identifying community outcomes and its design, would escape 'capture' by council bureaucrats or politicians. Early experience suggests that, in this endeavour, they were less than successful. Anecdotal evidence points to a high degree of managerial and technical ownership in the design of the outcomes process and in the framing of the issues and words that eventually became the outcomes.⁷ To some degree this reflects a risk averseness not unusual when new legislation is introduced – the focus is more on compliance than innovation. However it also reveals aspects of the model which will always struggle to work as planned, particularly the resourcing challenge faced by non-public agencies wishing to participate in the process.

Emerging collaboration between central and local government

The role of central government agencies in the process of identifying community outcomes – possibly the agencies most able to influence outcomes – proved one of the more contentious issues to emerge in the wake of the LGA 2002. As the policy framework was developed prior to enactment, local government officials working on the reforms suggested that it should be mandatory for government departments and agencies to participate in the community outcomes and LTCCP processes. Government officials were less than enthusiastic at the suggestion, with Treasury officials in particular concerned at the fiscal implications of 30 or so government departments interacting with 86 local authorities and the policy risks of departments possibly committing to local priorities that might be in conflict with government policy. Although there was a refusal to bind departmental involvement through either legislation or regulation, the government eventually endorsed a strategy to promote participation by its departments and agencies which used more persuasive means.

Following enactment and in response to sector concern, Department of Internal Affairs (DIA) officials advised the government that it should consider encouraging its departments to work with councils in the process for identifying community outcomes on a number of grounds. The most telling justification was the suggestion that councils and communities, by themselves, might lack sufficient information, for example information on social need, to appropriately identify their community outcomes. By collaborating

with local authorities, departments and agencies would have the opportunity to communicate the government's goals and priorities, share information that departments might possess about the community and help to raise community awareness about issues. The benefits were seen to be a greater likelihood that the government's aims would be achieved; that policy and strategy alignment would be enhanced by a better understanding of local conditions and concerns; and a more coordinated approach might result in less duplication and greater efficiencies.

The final strategy which was developed to increase the engagement and participation of government departments and agencies in the strategic and collaborative requirements of the LGA 2002 included the following strands:

- the appointment of a DIA as the mandated home for providing leadership and management of the interface with local government. One of the first actions of the Department was to develop a website of government departments and agencies to help councils make contact;
- the establishment of a deputy secretaries group, led by the Department of Prime Minister and Cabinet, to oversee the interface with local government and resolve policy and operational difficulties;
- the designation of four government departments as the lead 'outcomes' agencies for the purpose of local government liaison. These reflect the four well-beings outlined in the new purpose of local government – the Ministry of Culture and Heritage (cultural well-being); the Ministry of Economic Development (economic well-being); the Ministry of Environment (environmental well-being); the Ministry of Social Development (social well-being); and
- the establishment of the local government interface team, a regionally based group of officials set up to facilitate relationships between councils and government agencies.

Initially however some departments and agencies were less than certain about the potential value of the LTCCP framework to themselves. A survey of 26 public or publicly funded agencies in Palmerston North, in 2003, revealed a cautious optimism about the value of working across boundaries and a view that collaboration would improve their ability to meet departmental objectives, although respondents noted that experience to date had been only moderately successful (Julian, 2004). The survey identified the major barriers to better collaboration as geography, different approaches to delegation, a need for more time and a clearer understanding of the language used by agencies. Similar issues emerged in a survey undertaken by the DIA in September 2005, which highlighted the difficulty faced by the government in trying to respond to the interests of 85 diverse units of local government.⁸ Councils expressed concerns that some government

agencies preferred to engage regionally at the possible expense of local issues, that more information was needed to enable them to meet their statutory obligations to report on the achievement of outcomes, and that they still lacked the necessary information to determine which government agency, and which official, should be approached to assist with the outcomes process.

Despite structural and institutional difficulties a range of inter-agency initiatives involving councils and government agencies have been established. These range from ambitious models like the Wellington Leaders' Forum, involving the political leaders of the sub-region's councils and government department heads, to less formal meetings of officials. Diversity partly reflects the different attitudes of government departments and agencies as well differing interests and resources at the local level. As an example of an agency that saw considerable potential in the new legislation, the chief executive of the Ministry of Social Development described the LGA 2002 as 'an opportunity to more effectively promote a social development approach through strengthening regional and local collaboration and undertaking joint initiatives to improve social outcomes, such as improved health and social connectedness and participation in paid work and in leisure and recreation' (Peter Hughes quoted in MSD 2005). In response, the Ministry refocused the role of its regional staff so that they would be able to work more closely with local authorities within their jurisdictions. Equally supportive of the LGA 2002, particularly the new purpose of local government to promote 'cultural well-being', the Ministry of Culture and Heritage, a small Wellington-based department without the luxury of a regional presence, organised a series of regional *fora* on how councils might implement the cultural purpose – each one hosted by its chief executive.

The difficulty of engaging with the correct government department also led to some innovative approaches. Rangitikei District Council (RDC), a large rural council in the lower North Island, with few if any government agencies located in its district, had to find a different way to engage their attention. The council's community outcomes process identified 15 outcomes which ranged from the district's lack of post-secondary educational opportunities, a need for affordable primary health services to a desire for a thriving economy. With the support of DIA's local government interface team, the council organised a half-day workshop in Wellington for those government departments responsible for each outcome area and, following detailed presentations by staff, invited each department to comment on how the outcomes might be advanced and what assistance might be forthcoming (see Table 8.1). The response of department officials who attended was positive.

The Rangitikei experience also highlights the important role played by central and local government officials who became, in effect, policy entrepreneurs.

Table 8.1 Rangitikei outcome collaboration template (health outcome)⁹

<i>What issues are not addressed by council's contribution?</i>	<i>How can the issues be addressed?</i>	<i>What policies/ programmes exist to address the issue?</i>	<i>How can central government and the RDC work together?</i>
Lack of rural voice on the District Health Board (DHB)	Review representation structures		Ministry of health to assist RDC to establish electoral constituencies for the DHB

The workshop resulted from the enthusiasm of a few staff within the council encouraged by a member of the DIA interface team. It was notable that no local government politicians took part.

The participation of government departments and agencies, while legitimised by the government, ultimately depended on the views and enthusiasm of middle and senior managers. A survey of department and public agency involvement undertaken by DIA in 2005 indicated that more than 15 agencies were actively working with councils. The top five government agencies taking part in council-driven community outcomes processes were the Police, the Ministry of Social Development, District Health Boards, the Department of Conservation and the Ministry for the Environment. Not surprisingly the agencies which occurred most frequently were those with a regional or local presence.

Barriers and obstacles to realising the vision

The passage of the LGA 2002 was promoted as providing an opportunity for more collaborative approaches to governance at the local level and strongly endorsed the ideas of partnership – beginning with the broadest possible partnership between local and central government – however, does the framework deliver given the differences between the two? As Table 8.2 illustrates, even in the way in which each sector deals with outcomes is different, increasing the complexity of working together.

Table 8.2 indicates the complexity of trying to achieve alignment around outcomes. While councils are required to facilitate a process to identify community outcomes, which have a life of at least six years, no such discipline exists for central government. Statements of government objectives are limited by the three-year term of the parliament, and even then may not survive a change in community perceptions.

One of the early and consistent concerns expressed by councils when the legislation was introduced involved the fear that outcomes would be beyond

Table 8.2 Outcome/output framework for central and local government

	Central Government Public Finance Act 1989	Local Government LGA 2002
<i>Responsibility for articulating outcomes</i>	Cabinet	Outcomes: the aggregate of community preferences – communicated through a long-term council community plan
<i>Accountability for achieving outcomes</i>	In the first instance ministers with some responsibility to chief executives as negotiated in Statements of Intent	Councils required to show how activities ‘contribute’ to achievement. Other agencies by voluntary agreement
<i>Responsibility for delivery of outputs</i>	Chief executives and a range of crown owned entities	Councils’ chief executives and other agencies by agreement
<i>Framework Reporting</i>	Statement of Intent	LTCCP
<i>Responsibility for framework</i>	Annually	At least once every 3 years
	State Services Commission	DIA

Source: Local Futures (2006).

the scope of any local authority to achieve and that local authorities would be held responsible for central government failures. In almost all cases outcomes have been broadly defined – for example a safe and healthy community – and frequently councils have had few policy levers with which to achieve change. Success, in terms of outcomes achieved, depends on the ability of local authorities to negotiate agreements with other agencies, particularly central government agencies, but also other sectors. Councils are looking for ways to hold the government to account for the achievement of locally determined outcomes. That issue has yet to be addressed.

While it is too soon to make conclusive judgments on the basis of empirical observation, the barriers to be overcome in order to achieve effective inter-governmental collaboration are becoming clear. These are a combination of challenges that occur when organisations are looking to align their processes as well as being issue specific to the role of local government. For example:

- Capacity – establishing effective engagement and building partnerships with voluntary sector agencies is hampered by a lack of capacity on the part of the NGO sector. Most NGOs will need to be specifically resourced to enable them to effectively participate in the LGA framework.
- Jurisdictions – government department jurisdictional boundaries are seldom co-terminous, either with other departments or with local authorities.

Working collaboratively around outcomes involves a complex web of relationships across jurisdictional boundaries which makes ongoing agreements difficult.

- Delegations – councils look to work with departmental and agency representatives who have the power to enter into agreements and make spending decisions. Very few government departments in New Zealand delegate such powers to their regional offices. Agreements on joint priorities are frequently negotiated with head offices in the capital.
- Cultures – both public organisations and the local and central government agencies work differently. Decision-making in local authorities is open and transparent, there are no Cabinets. Councils are seldom ‘party-political’ which reduces certainty in policy direction and unlike central government planning has a long-term horizon with formal obligations to consult.
- Lack of coordination vehicles – NZ lacks the sorts of operational instruments that are employed in places such as the United Kingdom and Republic of Ireland. Ireland requires all public agencies to show how they have taken regional strategies into account when preparing their annual plans. The UK provides Local Area Agreements and Local Strategic Partnerships through which departments can collectively ‘sign up’ to local plans and jointly fund them.
- The tension between agency strategy and participation – the coordination objective appears to sit uncomfortably with the government’s approach to strengthen what might be described as grass roots accountability – the ability of communities to dictate what councils do. Coordination assumes discussion and agreement between agencies – central government, community organisations and business groups. The accountability objective suggests a dialogue with communities. The result is a potential tension between outcomes negotiated among agencies and those driven by community engagement.

When assessed against Stewart and Clarke’s (1996) criteria for community governance, it is reasonable to conclude that some of the pre-conditions are in place. With regard to their criteria that local authorities adopt a concern for all issues of place, including issues beyond their statutory responsibilities, the LGA 2002 provides a clear direction with its emphasis on promoting social, economic, cultural and environmental well-being. With regard to their second criteria – the ability to work in a variety of styles – circumstances, such as a lack of the necessary policy levers, have forced councils to become more effective advocates and enablers and to facilitate joined-up community initiatives. The New Zealand local government sector contains a diverse range of governing styles with most councils utilising a range of alternative service delivery models. Finally, with relation to their third criteria – a willingness to get close to their communities and provide

citizens with opportunities to influence priorities and decisions – the LGA 2002 is premised on the presumption of high levels of citizen engagement in decision-making. Fulfilling the Stewart Clarke criteria does not by itself prove the case for some form of strategic community governance, however it does put in place a number of the preconditions. The test is how well councils, government agencies and non-public actors make use of the opportunities created.

Conclusion: Prospects for the future

The LGA 2002 occurred during a dynamic period of policymaking in which the incoming government felt it had a mandate to reconstruct the public realm and address the social legacy of nine years of centre-right governments. Local authorities had also been pushing for legislative reform, particularly a power of general competence which would allow councils to be more responsive to community needs and act more strategically in positioning their cities to prosper in the more competitive global environment in which they operate. Competitiveness and innovation would require the active involvement of the plurality of local and regional stakeholders.

Policy makers envisaged the LTCCP, and the process for identifying community outcomes, as providing a context for multiple agencies to take part in dialogue with communities about desired outcomes which would, over time, lead to the development of place-based strategies to promote well-being – the balance between institutions which are required for a ‘pluralistic society to be sustained’ (Giddens, 2000: 56). In practice, the dominant response has been one of legislative compliance rather than any enthusiasm to explore the potential of local partnerships, although this has varied from place to place. Some councils have sought to be innovative and used the legislation as an opportunity to broaden their approach to local governance. A number of issues are still to be resolved before the potential for partnerships can be fully realised, such as the role of government agencies, the ability to leverage resources to address outcomes and the capacity of the non-state sector.

The challenge of engaging government agencies in a manner which goes beyond ‘liaison’ and results in some form of joint commitment to address locally determined outcomes has become more pronounced following the adoption of the 2006 Long Term Council Community Plans. A consultation undertaken by *Local Government New Zealand*¹⁰ in October 2006 to seek the views of local authorities on the efficacy of the LGA 2002 found a level of apprehension among some members that, having identified local outcomes, the process would be worthless if there was not a commitment by central government to work on their achievement. There was a sense that as the process had raised community expectations it was therefore incumbent on the state to respond constructively. Although concerns possibly

understated the extent to which collaborative activity was already occurring, they did reinforce the practical difficulties faced by central government agencies in trying to engage with 85 separate councils. Suggestions by some in the sector that the legislation be amended to make engagement by departments mandatory were considered less than practical, and were strongly opposed when suggested during the passage of the LGA 2002. As an alternative, *Local Government New Zealand* has proposed to the government that its departments and agencies be required to include in their annual Statements of Intent a description of any collaborative work they will be undertaking towards the achievement of locally determined outcomes and that the results of any such activities are included in each department's annual report. While the proposal falls well short of a mandatory requirement, it is consistent with the overall philosophy of the LGA 2002, which is empowering and employs similar accountability mechanisms. In addition, work by local and central government officials continues identifying and promoting good models of local and regional collaboration, including models that support and empower non-public sector actors to take an active role. The degree to which the LGA's empowering approach will result in more integrated decision-making and better joined-up responses to local problems may in the end depend on how well pockets of good practice are recognised and promoted and the degree to which local champions, whether they are community leaders, officials, elected members or policy entrepreneurs, recognise the potential in the framework. Results from the first round of compliance give cause for some optimism.

Notes

1. In a stark contrast the incumbent National Party went into the 1999 election without a local government policy at all. A development widely regarded as representative of the party's general attitude towards the sector during its nine years in power.
2. Local government policy – Labour election manifesto 1999.
3. The idea of councils playing a 'joining-up' role had been promoted by at least one departmental chief executive prior to the election of the Labour Alliance government. Margaret Bazley, head of the Department of Social Welfare, promoted the establishment of local networks of agencies involved in the provision of young person services under the rubric of 'Strengthening Families'. Strengthening families groups were in effect networks of agencies called together in the first instance by local Mayors, who effectively provided the leadership and mandate to bring disparate agencies together.
4. The legislation also requires all councils in a region to negotiate a 'triennial agreement' within months of each election. These agreements are meant to establish guidelines for ongoing communication and collaboration. At this stage in their development their primary use is probably as a mechanism for conflict resolution.
5. Council Planning and Decision-Making Processes, POL Min (01) 12/17 18 May 2001.

6. Both councils stand out for their extremely diverse ethnic composition and youthful populations. Manukau City is New Zealand's third largest city with a population above 300,000. Porirua is a city of about 40,000 residents.
7. Interviews between the author and council officials, also see Burke 2004 for an analysis of the some early compliers.
8. Key challenges and opportunities regarding central and local government collaboration on the community outcomes processes, report to central government departments group, DIA, September 2005.
9. Presentation to the central government workshop to discuss actions to achieve community outcomes, 31 January 2006, Wellington.
10. In October 2006 *Local Government New Zealand* held six regional hearings, entitled 'Local Government Act Roadshows', in order to prepare a submission to the Local Government Commission that is required to review aspects of the LGA 2002 as soon as practicable after the 2007 local government elections.

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9

Integrating Homeless Young People into Housing and Employment

Mark Considine and Aaron Hart

Introduction

This chapter studies five dimensions of a partnership case study: mandate, structure, resources, activities and dynamics. In considering the case and its dimensions, we will identify themes and issues relevant to the further development of governance theory for partnership initiatives and consider the transformative potential of network governance structures.

Our case study is YP⁴, a trial initiative to join up services for young homeless jobseekers (YHJs). YHJs are among the most vulnerable and disadvantaged members of Australian society. Homelessness, unemployment and welfare dependency are related problems, each problem compounding the others. These young people are usually in receipt of a range of different public services, typically including welfare payments, job training and periodic crisis housing. Far from complementing each other, the range of public services offered to YHJs each place significant demands on individuals who are already struggling to survive.

The Australian Institute of Health and Welfare (2003) reports that the most common reasons young people experience homelessness include relationship or family breakdown, domestic violence, eviction or the ending of previous accommodation (p. xvi). Nearly 1 per cent of Australians between the ages of 12 and 24 access the Commonwealth Government's accommodation programme for the homeless, the Supported Accommodation Assistance Program (SAAP) (p. xv). Rachel Uhr's 2003 study, *Couch Surfing in the Burbs*, concludes that many young people experience homelessness without accessing SAAP accommodation, with 78 per cent of young people experiencing homelessness initially using informal networks of friends, friends' families, family members and community to meet their accommodation and support needs before accessing formal homeless services (Uhr, 2003: 6). It is estimated that half of Australia's young people experiencing homelessness do not use homeless services (Campbell and Horn, 2003: 4).

The vast majority (81 per cent) of SAAP clients and by inference, non-SAAP clients experiencing homelessness, receive their basic income from government benefits (Campbell and Horn, 2003: 4). For most young homeless people, the main income stream comes in the form of Youth Allowance (Australian Institute of Health and Welfare, 2003: xvi). Urquhart, Matheson and O'Brien's 2002 study into *Young Homeless People's Experience of the Youth Allowance System* conducted in three different geographic areas of high unemployment (Dubbo, Cabramatta and Macarthur) provides empirical data on how young unemployed people with a history of unstable accommodation or homelessness fare under the Youth Allowance scheme. They find that YHJs experience significantly more difficulty than other jobseekers in accessing welfare, training and work because of their homelessness.

Problems like 'not having a mailing address, not having clean clothes for interview or not having any money for public transport' (p. 22) are not adequately acknowledged by Centrelink, and lead to poor relations with Centrelink staff (p. 21, 22 and 25), and 'Breaching' (p. 28), the practice of reducing Centrelink payments to recipients who were deemed to have failed to meet their mutual obligation requirements. Eight out of the ten young people had been penalised for a breach of some sort at least once (p. 28). Breaching also contributed to homelessness and affected housing security because 'landlords tended to threaten eviction as soon as they fell behind in their rent'. 'Without stable housing they find it hard to meet Centrelink mutual obligation requirements to undertake training, find a job and hold it, yet under current rental-housing market conditions the lack of a job makes it almost impossible to secure adequate housing, particularly where there are employment opportunities.'

Without stable income, YHJs find it difficult to maintain stable housing. Although a high percentage of unemployed SAAP clients apply for and receive public housing, 25 per cent leave the public housing after 18 months because of lack of employment opportunities and progress towards their aspirations and the feeling that it is a dead end (Campbell and Horn, 2003: 7).

Private rental is also problematic because it is generally only affordable to welfare recipients in areas with fewer employment prospects. People may take a risk and move to an area with higher rent and more employment prospects, but if they only secure a casual or part-time job (as has been the trend) then their income volatility makes the higher rent commitment untenable.

The Young Homeless Jobseeker Trial (YP⁴)

The Young Homeless Jobseeker Trial partnership known as YP⁴ is the work of a coalition of non-government welfare agencies, comprising Hanover

Welfare Services, Loddon Mallee Housing Services, the Brotherhood of St Laurence and Melbourne Citymission. Their guiding idea was to obtain funds and permissions from key public bureaucracies to develop a trial joined-up service for homeless and unemployed young people. The claim was that with an integrated service these agencies could improve outcomes for these clients and eventually reduce costs for government. The new services would be delivered by the partnership in four selected communities in Victoria (Bendigo, Frankston and two metropolitan areas).

The services to be joined-up at the local level by YP⁴ included the national government's Job Network for unemployed people on benefits, its Job Placement, Employment and Training (JPET)¹ program and Personal Support Program (PSP)² for disadvantaged job seekers, the Victorian state government administered SAAP crisis accommodation service³ and Transitional Housing Management (THM)⁴ and the Housing Establishment Fund (HEF).⁵ A table of these and other acronyms can be found in Annex A.1.

According to the trial proposal, all the eligible participants receive Newstart or Youth Allowance and are aged 18–35 years. They are selected to fit a range of quotas, and not all participants are eligible for all services. Not all of the integrated services are delivered by each trial agency.

The project aims to demonstrate a new service model for YHJs over a period of two years. The goal is to link the service 'silos' of housing, employment and welfare for each participant through a single case manager. The model offers an integrated case management model that places the individual person at the centre of assistance. It makes available a flexible pool of money to meet client needs by combining resources from silo programmes plus additional monies to enable a continuity of assistance to obtain a sustainable outcome. An explicit intention of the partnership is to provide evidence to government to show that this approach works, so the trial includes a three-prong research framework: a process evaluation, outcomes measurement and a cost–benefit analysis. To this end data on the progress of the trial group (228 participants) and a control group (187 participants) are being gathered before, during and after the trial to assess the efficacy of the integrated service (Grace, 2006).

Analysis of the partnership's dimensions

As is evident elsewhere in this volume, there is an array of instruments which may be employed in a partnership governance structure. To organise some of these instruments, we have chosen five partnership dimensions: (1) What is the *mandate* for the partnership that enables it to act? (2) What is the *structure* of the partnership, including membership and method of work? (3) What *resources* does the partnership have at its disposal, including those of member agencies it is able to influence? (4) What actions or *activities* does the partnership undertake, including the co-ordination of services and the

creation of its own services? (5) What impact does the partnership seek to achieve in regard to improved local governance and how can these *dynamics* be better understood?

Mandate

In the YP⁴ case the mandate was developed from a proposal that emerged outside government among agencies with long histories in the delivery of social services. There was a recognition among welfare agencies in the early 1990s that homeless people's employment needs were not being met by mainstream employment and training programmes (O'Meara, 1996: 4).

In 1994, Hanover Welfare Services took the lead and joined with the Salvation Army, Melbourne Citymission and the Society of St Vincent De Paul to form the Inter-Agency Project on Employment and Homelessness, chaired by Hanover CEO Tony Nicholson. This group was to evolve slowly into the coordinating committee of the YP⁴ trial some ten years later, albeit without some of the original participants and with the addition of some new ones.

In 1995, this 'inter-agency project' commenced work with AUS \$20,000 in funds from the Commonwealth SAAP (emergency housing) programme and AUS \$40,000 from the federal Department of Employment, Education, Training and Youth Affairs. The aim was to identify the employment and training needs of people who are homeless and to identify strategies for ensuring that these needs are addressed. The project culminated in the 1996 report by Michael O'Meara, 'Out of Work: Employment and Homelessness in the 1990s'.

This report found that 97 out of 98 homeless people interviewed expressed a desire to work or participate in an employment programme if given the chance (p. 32). The report also found that many homeless support workers place a low priority on facilitating access to labour market programmes and that there was little interface between services assisting the homeless and labour market programmes (p. 5). The report went on to recommend the creation a new joined-up initiative to link housing and employment services.

Over the period 1996 to 2002, Hanover undertook a targeted sequence of research projects to document the experiences and aspirations of their unemployed clients.⁶ These studies strengthened the evidence base to support the need for this fresh approach to make employment assistance more effective and responsive.

By 2000, Hanover was actively campaigning for a programme to integrate homelessness services and employment programmes. Looking to design a workable model, which included the necessary stakeholders at state and federal level, Hanover held 45 different consultations with influential policy thinkers, government agencies, government departments, politicians and their staff during 2001–2. During these consultations, politicians tended to

be more easily convinced than bureaucrats because they were less tied up in the programmatic machinations of the public service (Tony Nicholson interview, 28 October 2005: 5). The politicians were particularly interested in the proposal's potential improvements to efficiency and value for money because of the waste in churning people unsuccessfully through different government programmes.

Strategically, Hanover was too small an entity to effectively champion such a proposal on its own. Hanover re-invigorated its coalition with colleague welfare agency Melbourne Citymission and approached the Brotherhood of St Laurence, both of whom supported the trial proposal and were willing to assist in efforts to get a programme up and running.

After an unsuccessful application to the Colonial Foundation and a little more development on the proposal, in late 2001 Hanover submitted a project brief called 'The Young Adults Employment Enhancement Project' to the William Angliss Trust. The Trust accepted the proposal and in December 2001 gave Hanover AUS \$250,000 to support the project. This grant gave the legitimacy and resources for Hanover to begin constructing the partnership and turning the policy idea into a mature trial proposal. In 2002, Hanover used the new funds to hire a project consultant. In close consultation with Hanover staff Michael Horn and Tony Nicholson, the new project officer, Susan Campbell, began work developing the document that was to become the basic architecture of YP⁴: *Foundation Paper: A New Approach to Assisting Young Homeless Jobseekers*, published in early 2003 under the auspice of Melbourne Citymission, Hanover and the Brotherhood of St Laurence.

This *Foundation Paper* paved the way for the convening of a new Working Group, now including representatives of the government agencies with responsibility for housing and employment policy. With the exception of Loddon Mallee Housing Services, who were to join the trial later, this would become the core of the partnership that would deliver the YP⁴ trial.

Throughout 2003, this new Working Group refined the *Foundation Paper* into *A Trial Proposal*, authored by Michael Horn and completed in March 2004. The new document included more specific programme design. Following finalisation of the *Trial Proposal* document, a second phase of advocacy and negotiation was undertaken by Hanover to obtain formal commitments of support and resources from relevant government departments. In many instances, this necessitated making additional submissions through 2003 and 2004 to individual departments for funds from existing programmes and their embedded appropriations.

In 2004 the approvals were finalised and the programme trials were commenced. The moniker YP⁴ was chosen to signify young people to the power of four: purpose – meaning a job, place – meaning a home, personal support – to denote the service being offered and proof – to acknowledge YP⁴'s status as a trial and to convey the importance of the evaluation framework which underpins YP⁴.

The YP⁴ partnership now became a coalition to actually run the trial programme with a test group of participants. They have a mandate from the different government programmes to build the connections between services at the management and service delivery level; to promote the trial to gain political, bureaucratic and community support; and to conduct a sound evaluation of the trial to support its use in central policymaking.

The most practical mandate is held by the service delivery agencies and their case workers, who work directly to enhance participants' employability and reliance on income from work; improve the housing situation of trial participants; improve participants' health and well-being; better integrate trial participants into their communities; and join up housing, employment and personal support services for participants (Grace, 2006).

So we may summarise this mandate as one requiring service agencies to co-operate in funding and utilising a joined-up service for homeless and unemployed young people in the four selected communities. The mandate was notable for its intention to trial the service as a means to convince governments to then undertake some more substantial restructure of services.

Structure

The core of the YP⁴ partnership is the Trial Proposal document published in March 2004 and an MoU signed by the four partner agencies in May 2005. The partnership is broader than these organisations however, and there are several layers of contributors and participants and a raft of supporters and allies who have funded, directly or in kind, the trial operations. The diagram A.3 in the annex represents these different layers and their participants.

The structure of YP⁴ revolves around the Inter Agency Coordinating Committee (IACC). The IACC has responsibility for the oversight and guidance of the Trial. Represented on the Committee are the participating government departments, Victorian DVC and DHS and the federal DEWR and FaCSIA, representatives of the welfare agencies, Council to Homeless Persons, National Employment Services Association, Centrelink and Jobs Australia.

An executive runs YP⁴ on a day-to-day basis and it is composed of the CEOs of the four partnership welfare agencies or their delegates, so none of the main government agencies are involved in the prime steering role. The executive was not foreseen in the *Trial Proposal* document but has emerged as an important management mechanism. There is also an Evaluation and Ethics Advisory Group (EEAG) which is a subcommittee of IACC. There is a staff of managers, including case managers at each of the four sites. The trial manager co-ordinates these services but the local case managers sit within the structures of the four local agencies running the services.

Resources

YP⁴ has received significant direct funding, but only for the conduct of the trial. It has grants totalling \$1.4m from the Commonwealth Department of

Employment and Workplace Relations' (DEWR) Employment Innovation Fund (EIF), the Commonwealth Department of Family and Community Services' National Homelessness Strategy (NHS), the Victorian Government Community Support Fund (CSF) and from a range of philanthropic organisations.

Funds from each of these grants programmes were tied to specific costs of the trial consistent with the jurisdiction of their auspicing departments. Through each grant agreement, funders also imposed reporting and accountability obligations upon the recipient. Unusually, with their participation in the IACC, each of the funding departments had an advisory role in the trial they were funding.

The NHS funding was staged and tied to a number of 'milestone' oriented activity plans, progress reports and evaluations. The bulk of these obligations seem to have been tailored to the structure and time frames of the trial and, in many cases, include the possibility of 'doubling up', or submitting information which would have been developed by the trial in any case. The funding acquittal for the NHS money appears therefore as a formality and not particularly arduous.

The EIF grant was in four payments between 30 June 2004 and 27 May 2005. Payments are aligned with extensive, prescriptive and cumbersome Milestone requirements. The YP⁴ partnership has been from its conception a three-year trial (with two years of support for participants), but DEWR's funding schedule has the programme beginning in October 2004, requires post-pilot data collection and evaluation from February 2005 and requires an independent audit from 30 September 2005. That DEWR required reflections on 'best practice learning', potential impacts of integrated services and recommendations for replication of the model on 30 June 2005, when in reality recruitment was only in early stages, proved hard to reconcile with the realities of the partnership's workload.

The CSF funding was staged over three years and five payments, with each tied to a raft of updates and progress reports on each of the three elements of the evaluation component of the trial: financial, process, and outcome. It is important to note that the method and execution of trial evaluation were largely to be determined by YP⁴ management itself, rather than imposed by the department. The evaluation framework was part of the first milestone, so any lack of rigour or in-house bias could easily have been identified and addressed by the department.

The funding schedule from CSF also requires:

- periodic budget and expenditure reports;
- research, development, implementation and evaluation of the mentoring service to participants; and
- reports on the expenditure of flexible support funds and their alignment with the individual support plans of participants.

In concluding our remarks about the obligations tied to government grants, it is worth noting that while the premise for YP⁴ seeks to abandon the traditional boundaries between discreet areas of government service for YHJS, it can only do so partially because the funding for these services remains tied to specific service areas. The purchase of nominated, distinct components of YP⁴ by each funding body is inconsistent with YP⁴'s integrated service delivery model. Non-integrated accountability measures, in effect, require YP⁴ management to artificially separate the integrated work of YP⁴ for reporting purposes and potentially expose YP⁴ to claims of 'double dipping'.

In addition to these new funds, the largest pool of YP⁴ resources, AUS \$2m, fall into the category of 'reallocations'. These are government-funded services for which the participant YHJs would otherwise be eligible. These are now counted as YP⁴ services, as each client's access is facilitated by YP⁴ case managers at each of the four sites. Further detail of these services can be found in the following section on Partnership Activities.

Although these resources are not directly available to YP⁴ itself, YP⁴ initially counted them as part of the data gathering exercise aimed at establishing the true value (and cost) of government services to YHJs. These funds were estimated at AUS \$2.1m, although there were significant problems in enumerating these services, securing flexible access to them and in the uptake of these services within the YP⁴ model, resulting in reduced levels of throughput and downward revision in the figures. For reasons we will discuss in the concluding section on partnership dynamics, the target numbers for recruitment to the YP⁴ services were not achieved in the time allotted. There are, in addition, some significant methodological issues associated with estimating the cost of these services, particularly as many of the 'joined-up' programmes are delivered outside YP⁴ agencies. It was largely for this reason that YP⁴ discontinued their monitoring of these figures during the trial.

The direct expenditures in YP⁴ are centred on the trial manager and her support, the research, participant mentoring, and top up funds for case managers to deploy in support of participants. Interestingly neither the trial manager nor the case managers are employees of YP⁴. The trial manager is employed by Hanover and reports to the chair of the IACC. The trial manager is supported by a 4 day per week research position. Because of the high workload of the research project, YP⁴ has augmented this position with a number of researchers (students, interns and staff) who have been placed with YP⁴ from Monash, Melbourne and Victoria Universities. The YP⁴ case managers are employed by the partner agencies and funded primarily by the SAAP programme, with the exception of BSL who primarily fund their case managers from philanthropic grants. All four partner agencies contributed to case manager employment costs from their own budgets.

Activities

For YP⁴ the central activity is the delivery of the new 'joined-up' service in each of the four locations to the young homeless people in the treatment group. However to get to this point the partnership has had to first achieve a project relationship with each of the key bureaucracies. This might be regarded as just as significant a part of the work as the actual services. A graphic representation of YP⁴'s government relationships and accountabilities can be found in Annex A.2.

Of all the government partners, DHS are responsible for the largest cohort of joined-up services. DHS, in partnership with FaCSIA and subject to the Commonwealth-State funding agreement, funds the THM workers, whose roles expand from transitional housing support into YP⁴ case management. DHS also fund the HEF and SAAP – Crisis Supported Accommodation programmes. With the exception of BSL, each partner agency has a three-year, master Service Agreement document negotiated with DHS. This document covers all their funding from DHS programmes including (but not in every case) SAAP, THM, HEF and Crisis Supported Accommodation. YP⁴ participants are funded for these services in the same way as non-participants, leaving the Service Agreement silent on YP⁴.

Although their involvement is significant, it is important to note that with a few exceptions, DHS did not provide any funding to YP⁴ beyond what the participants would have been eligible for outside the programme. In the cases of the SAAP Transitional Workers and the Transitional Housing, an environment of scarce resources created serious difficulties in reallocating places to YP⁴ participants.

Only half the original allocation of SAAP workers were redeployed to YP⁴ case management because 'when the crunch came, the funded service providers weren't prepared to make the kind of adjustments in service delivery that were necessary' (Tony Nicholson interview, 3 February 2006). Instead, LMHS, Hanover and MCM ultimately decided to 'loss lead' and fund extra workers from their existing resources, cross-subsidising from their other activities, while BSL, who do not have a contract with DHS, received philanthropic funding for the extra positions.

Without a DHS contract, the unmet demand for THM properties was a particular problem for BSL in Frankston. Unable to manage THM properties in-house, BSL were to refer their clients to THM services in external agencies. Failure to negotiate access to these properties with the relevant agencies and the local DHS office resulted in BSL being unable to secure THM properties for their clients. This result can be understood in the context of BSL's lack of a positive prior relationship with the local DHS office and patch protection by the established providers (Kevin Rogerson interview, 25 January 2007).

In contrast, MCM was able to secure an additional THM property for YP⁴ above and beyond the ones they already access. This came about partly as a

result of a long-standing relationship between a MCM divisional manager and the OoH (interview with Sharon Fisher, 19 January 2007: 4).

Insofar as YP⁴ aims to assist its participants to secure employment, DEWR is the linchpin for the work of this partnership. Of all the government agencies, DEWR's involvement has been the most challenging. DEWR funds the employment assistance programmes of most interest to young job seekers and, moreover, almost all of this group are subject to its job search requirements as part of their obligation in receiving income support. It administers these requirements through a Business Partnership Agreement with Centrelink, who have extensive involvement in the management and delivery of the trial.

In 2004, changes to the machinery of government saw DEWR take over from the Department of Family and Community Services (DFaCS) as the responsible department for the PSP and JPET programmes, both joined-up by YP⁴. These programmes provide help for those who have problems that prevent them being job ready. The reporting obligations are onerous and the programme is outcome funded, but there are no required programme outcomes and reporting obligations specific to YP⁴ participants and no specific reporting requirements were tied to YP⁴'s use of PSP or JPET places.

Closely related to YP⁴'s work in managing the interface with DEWR is the direct work with Job Network Members (JNMs) who deliver employment assistance in the four communities covered by the trial. Arrangements between JNMs and YP⁴ were negotiated and managed between each YP⁴ agency and the JNMs in their area. DEWR agreed in principle to financial arrangements between YP⁴ and JNMs, including YP⁴ access to the Jobseeker Accounts and outcome payments to be shared between the YP⁴ and JNM in the event of successful placement.

The Brotherhood of St Laurence are themselves a JNM, with an operation in Frankston, where they also deliver YP⁴. YP⁴ management does not believe that the presence of the JNM has helped the YP⁴ staff significantly; in fact this may have contributed to the difficulty in developing relationships with other JNMs in the context of a competitive environment. Although the relationship with JNMs in Frankston has taken a while to establish, it now exists between case workers who share a client but not at the inter-organisational level. BSL had to work hard to establish recognition of the trial and it is felt that the relationships developed through YP⁴ are likely to dissipate when the trial ends.

Traditionally, many of MCM's clients come from all over the state to the Central Business District (CBD) when experiencing homelessness. This means that MCM's clients are often on the books of JNMs outside their immediate catchment. This spread the focus thinly and created particular difficulties in building relationships with JNMs. MCM also found they were hampered in establishing protocols with JNMs in their catchment because of the lack of formal endorsement of the trial from DEWR.

Nevertheless, IPA, a JNM in the MCM catchment, has a particular orientation to the disadvantaged which is credited to a manager with previous employment in the Salvation Army. As a result, they were keen to associate with YP⁴ and negotiated a formal agreement on the sharing of clients and associated outcome payments. Although this agreement was never formally signed, its development built a positive and mutually rewarding connection between MCM and IPA.

LMHS has strong relations with their local JNMs and this has helped their YP⁴ programme significantly.⁷

The Hanover site in Cheltenham has not negotiated any formal agreement with their local JNMs, however there have been instances where YP⁴ flexible support funds have been used in tandem with Job Seeker Account money, for example they have both contributed to the cost of a training course and some business cards (Esther Unsworth interview, 23 November 2006: 9).

Recruitment of participants to the trial has been a major partnership activity, indeed significantly more than was foreseen. Difficulties arose in integrating the data systems of DEWR, Centrelink, JNMs and the NGOs.⁸ With recruitment far slower than anticipated, at the end of the six months when recruitment was supposed to have been complete, only 171 participants had been recruited (YP⁴ Management Report June 2005), significantly less than the 480 anticipated, 240 in the group receiving joined-up services and a similar number in the control group (Trial Proposal p. 5). Solving the recruitment problem became a primary focus for YP⁴ management, being the most discussed topic in IACC meetings during 2005.⁹ The original intention to fill quotas of certain demographics was abandoned in favour of more inclusive criteria. With the benefit of hindsight, we may reflect that the planned recruitment timelines and processes were unrealistic. Given the complexities and difficulties on the 'new frontier' of joining up it is an understandable mistake, but it cost the partnership time and energy they could ill afford to lose at such a formative stage.

The trial has also encountered considerable difficulties with the Government's mutual obligation policy. After lengthy dialogue between YP⁴, DEWR and successive ministers, it has now been resolved that YP⁴ is not an approved mutual obligation task and that young homeless job seekers are expected to also complete regular mutual obligation tasks such as 'Work for the Dole'. During the trial recruitment stage case management was viewed as sufficiently complex and demanding as to constitute an activity in its own right, although this was never clarified fully with the relevant government department¹⁰. This was not the view taken by the minister who, when confronted with this problem by YP⁴ staff at a briefing session, made it clear that all the usual obligations would still have to be met, or participants would be breached. YP⁴ case managers felt their relations with clients had been strained by the perceived 'breach of trust' of mutual obligation being imposed after clients had agreed to participate on the basis of 12 months

exemption. The difficulties with mutual obligation have also consumed time and energy from the YP⁴ management and delivery team, whose other priorities have suffered as a result.

Dynamics

If one of the main purposes of local partnerships is to empower communities to address their priority concerns, we should start any discussion of partnership dynamics by asking about the involvement of communities in the different aspects of the partnership.

A number of studies in the preliminary stages of YP⁴'s development included direct consultation with homeless people, for example O'Meara (1996) and Horn (1998b). This research established the policy principles which were to become central to the YP⁴ trial. Once the principles were established however, direct community participation in the trial has been limited to the trial participants.

Other senses in which the word 'community' may be employed include the community sector and community representatives, for example, members of parliament. In the former sense, the community sector has been the driving force behind the trial and in the latter sense, YP⁴ needed to secure a legitimate mandate to act from government ministers and senior bureaucrats.

Principles of joined-up and client-focused service delivery generally enjoy bipartisan support at the state and federal levels. The YP⁴ trial manager Louise Coventry and IACC chair Tony Nicholson have utilised this support through regular contact with the policy-making network: ministers, political staff, academics and bureaucrats. While the ministers have come and gone with machinery of government changes and cabinet reshuffles, YP⁴ has established contact and met with most new ministers and their advisors. Some have been more involved and supportive than others, with particular enthusiasm from Minister Kay Patterson in her Family and Community Services role and at the state level, support from Deputy Premier John Thwaites has been strong. YP⁴ has kept stakeholders informed and involved with widely disseminated fortnightly e-updates and a number of editions of printed and electronic newsletters. YP⁴ representatives have regularly presented at conferences and symposia and have actively participated in broader discussions on joining up, homelessness and employment policy.

Such savvy stakeholder management brings with it a degree of political security and high profile, but it also entails costs and risks. The time and resources committed to these communications have been significant, drawing attention away from the arguably more important goal of achieving successful results for trial participants. With such a high profile, YP⁴ needs to deliver on its promise of an effective and innovative trial, or risk a political backlash against it and joined-up and client-centred initiatives more broadly.

There is also a question as to the real dividends of such support. Interaction between state and federal government departments and the YP⁴ trial is complex and demanding for those in government departments who must act under specific service delivery, accountability and reporting requirements. Resistance to the adaptations necessary to accommodate YP⁴ have therefore been common. Breaking through the barrier of 'business as usual' in the delivery of the joined-up services has largely not been achieved, despite the political leverage on hand.

In the field of administering the terms and conditions of government-funded programmes, it is not the politicians or the senior bureaucrats who operate the levers, rather it is those in the middle of the silos, placed between upper management and service delivery, who can activate or stymie change. YP⁴ has been lauded and intellectualised in influential circles, and pragmatically understood by social workers delivering the programme, but it is in most cases the middle managers who have resisted the adaptations necessary to the project of joining up. We may conclude that it is with this vital cohort that stakeholder communication has not succeeded.

It is clear that the partnership relies more on professional and political leadership than on building a new forum for distributed leadership in these communities. There is not a community development priority as part of the explicit method of operation. This is not to say that the leadership is uninterested in community involvement, but rather that the trial method may not have been the best platform from which to build such expectations.

The leadership provided by prominent NGO executives has been crucial to the development of the partnership. They have been highly effective in matching the NGO agenda for greater responsiveness by government agencies to a good understanding of the political appetite for public sector reform. For example, Tony Nicholson, CEO of Hanover and later BSL, took a key role in building and maintaining an effective partnership, guiding its evolution from the Inter-Agency Project on Employment and Homelessness in the mid-1990s to the YP⁴ trial stage.

The roles of these significant leaders indicate that strong, independent and entrepreneurial leaders promote the first stages of successful local governance – the mobilisation of agencies and the articulation of a priority agenda. In the case of YP⁴ it is also important to note the role played by careful, independent and detailed research, especially by Michael Horn, formerly from Hanover. This made it possible for the partners to appeal to government on rational grounds, not just on the basis of ethical principles or interest-group pleading. The research showed how government itself could be better off if the new services worked as proposed.

Equally notable is the struggle of the partnership in securing a stable, sustainable role for the proposed work. In the YP⁴ case the government agencies were reluctant players, drawn into the trial by dint of pressure on their

ministers by the leaders of these strategically important NGOs. And since none of them owns the partnership, none takes responsibility to make sure others inside government pay attention. Nor have they secured sufficient internal authority for the project to help avoid snags and side-disputes, such as the 'mutual obligation' problem at DEWR.

Of course one could also argue that lacking a strong sponsor inside government also leaves a partnership like this free of all the patronage charges and costs that might result from being tethered to current portfolio arrangements and ministerial whimsies. But nonetheless there have been formidable challenges to YP⁴'s ambition to steer the deployment of public services within a partnership structure which is largely controlled by non-government agencies.

In the YP⁴ experience, joining up seems to have gone more smoothly when negotiated between agencies with a common history and who work in sectors with overlapping staff experience. One may speculate that trust is the operative factor.

The most obvious example is in the partnerships of welfare agencies designing and lobbying for the trial. Given the absence of formality, this process was held together by a sense of trust and joint purpose. Another example is the relationships between Centrelink and YP⁴ at both the management and case work levels. Directly assisting the disadvantaged is a role common to Centrelink and welfare agencies and movement of staff from one to the other is not uncommon: in fact, some Centrelink managers are the on Boards of administration in the non-government sector (Janie Davey interview, 17 March 2006: 14). A number of Centrelink and YP⁴ staff have reported a relationship of mutual trust, and open communication between the two (Janie Davey interview, 17 March 2006: 13).

This stands in contrast to DEWR, whose contact with the non-government sector has been primarily as service purchasers and contract managers. DEWR does not share the same direct contact with disadvantaged clients and so do not share the skills and worldview that this entails. It is arguable that this lack of familiarity has contributed to the difficulties evident in the relationship between DEWR and YP⁴.

It is evident that relationships between large organisations are not monolithic and have different dimensions of hierarchy and geography. While, at the central management level, the Office of Housing within DHS have not found their participation in the IACC to be particularly rewarding (Dr Jane Bennett and Peter Lake interview, 21 April 2006), the relationship has flourished elsewhere. Hanover in Cheltenham has a strong relationship with the local DHS office, founded on their shared commitment to helping their mutual clients. This relationship predates YP⁴ and has survived staff turnover by being manifested as ongoing culture within both organisations (Shari McPhail interview, 23 November 2006: 7). Turnover of staff involved in YP⁴ has been recorded in all of the large bureaucracies.¹¹

Like inter-organisational relationships, inter-personal relationships have been an important currency for joining up. The value of personal relationships has been borne out at the local level in the interface between the partner agencies and government offices and JNMs with which they have had to work (Ken Marchingo interview, 2 November 2006: 2; and Sharon Fisher interview 19 January 2007). For example, LMHS have enjoyed a greater degree of success in negotiating relationships with their JNMs partly because they recruited someone to the lead case manager role who was a former employee of a local JNM (Ken Marchingo interview, 2 November 2006). That MCM were able to secure a new THM property specifically for the use of trial participants is credited to the personal standing of one of their divisional managers within the OoH (Sharon Fisher interview 19 January 2007: 4).

During interviews undertaken for research for this article, questions were asked relating to the strength of relationships between trial sites and three primary agencies: JNMs, Centrelink and the OoH (DHS). The results of this research are displayed in the annex A.4.

We can see in this table that the most consistently strong relationships are with Centrelink, while the JNMs have the most tentative connection. The volatility of the relationship with DHS is worth noting, with two sites having strong, long-term and established relationships, one good but not embedded and one being poor and acrimonious.

The average of all the relationships is good, but not embedded. This denotes the need for further work to continue the process of joining up which YP⁴ has begun.

Conclusion

In the YP⁴ case there are many governance lessons to be learned and many ways in which the bare facts of the trial outcomes need to be contextualised within insights about governance.

First is that the local community development aspect of this type of 'joined-up' initiative remains problematic. While the NGOs speak with authority on the needs of vulnerable young people, they must be able to show a direct form of accountability to their communities if an on-going role in service delivery is to evolve to anything more than enlightened forms of contracting-out. Better stakeholder representation, neighbourhood representation or direct election of local people onto key governing structures all provide options as Skelcher et al. (2007) have demonstrated elsewhere in this volume.

A second and related challenge was for this partnership to enter the terrain of high-level policymaking without a strong champion inside government. Lack of an authority to act, lack of clarity about the way this authority is to intersect other mandates, and inadequate agreements about the longer term purposes of partnerships leads to shallow commitment. In order to counter

this tendency for outsiders to eventually get pushed to the margins, government itself needs to be encouraged to establish an internal mandate for this kind of partnership.

It is overly rational to assume these matters need always to be decided at the start. But equally it is clear that unless they are resolved early, a debilitating path dependence will see the weak mandate become the security blanket for agencies who don't actively support partnership work, but would prefer not to have to admit it to their ministers or boards.

Partnerships need to have goals which address improved governance, not just better services. While there is nothing wrong with the tendency to focus most effort on projects and specific outcomes for target groups, the value of improved local governance is in its long-term transformation of relationships. Unless that ambition is clearly articulated in each partner's agreement, and actions devised to make this possible, the welter of project deadlines and funding targets will usually push governance improvements to the back of the agenda. When that happens partnership becomes no more than another useful tool to be put away when other pressures dictate.

Integration of the data systems of different agencies and departments is bound to be problematic while partnerships remain outside of 'business as usual'. The challenges of integration and privacy constraints should be tackled early on in the planning stages, rather than as an afterthought when service delivery has begun.

Partnerships joining up services through reallocation, where resources are already in short supply, should be mindful of the political difficulties of creating new entry ramps into already crowded spaces. Realistic goals need to be set to avoid costly blockages during implementation.

Where working together is crucial, the YP⁴ case demonstrates the value of shared values and worldview, what might in sociological terms be called a common 'habitus' (Bourdieu, 1977). Where partnerships seek to join organisations whose cultures and worldviews are different, extra time and attention should be granted to develop the trust necessary for mutually advantageous engagement. Similarly, individuals with positive pre-existing relationships in the organisations they are partnering with are particularly valuable and should be sought out where possible.

The practice of 'embracing' new staff into inter-organisational relationships is a particularly valuable one for joining up. Large bureaucracies tend to have a high degree of internal staff turnover, creating a problem for the development of novel joining up practices, particularly in the earlier stages when the practices are not embedded institutionalised practice. When staff who negotiate joining up leave their position without embedding the new practice and protocols into their organisation, the negotiations have to begin 'from scratch'.

The good design of reporting and accountability structures attached to government funding for partnerships is crucial. Available funds are most useful where they are flexible and where their expenditure is at the discretion of the partnership itself, rather than being tied to specific itemised costs. The purchase

of discrete aspects of partnerships by various funding bodies limits the integration of partnership activity and can direct resources away from where they are most needed. Partnerships, however, need to demonstrate extra dimensions of legitimacy and accountability to be granted these discretions.

Entrepreneurial leadership is vital to establishing the momentum and mandate of a partnership venture. The ideas and initiatives championed by strong leaders need to be backed up by a solid research base and rational argument.

Political support is also important to establishing a mandate, but it should not be pursued at the expense of stakeholder management 'at the coalface' or with middle managers in the silos.

It is apparent that there is a tension between the logic of competition, as expressed in the Commonwealth's Job Network structure, and the logic of collaboration as expressed in the YP⁴ trial design. If governments are to support joining up and client-centred partnerships, there needs to be transition away from a competitive to a collaborative logic of interaction.

YP⁴ is a bold attempt at a new type of service delivery and governance structure. The story of its successes and challenges provides a useful tool for those attempting similar projects in the future.

While it has clearly made some progress in integrating services, we may conclude that the distance between this case and the ideals presented in more positive accounts of partnership suggest a number of matters that still need to be addressed before partnerships graduate to become a major part of the policy delivery landscape.

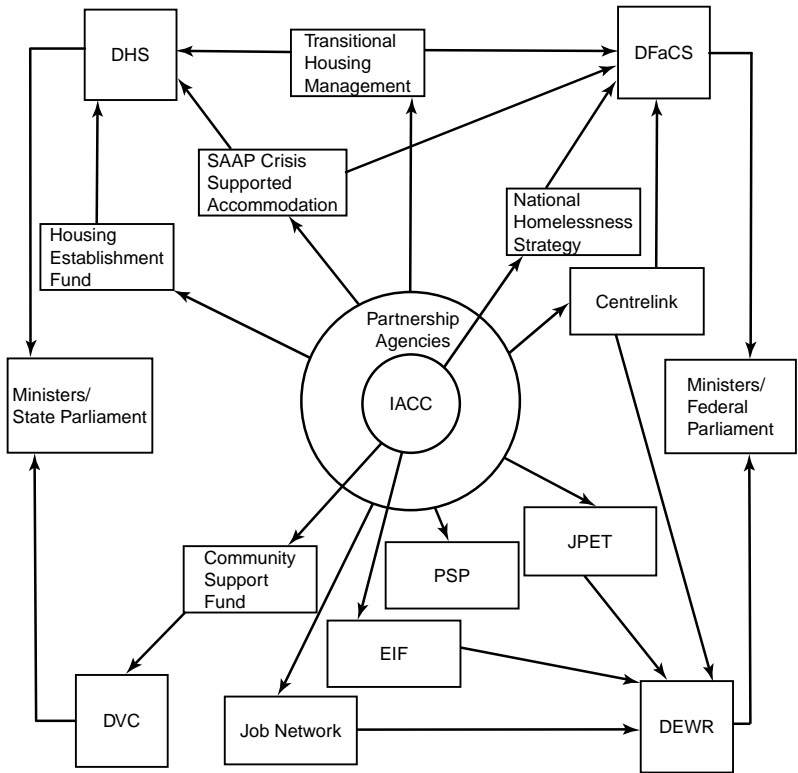
Annexes

A.1 Acronyms

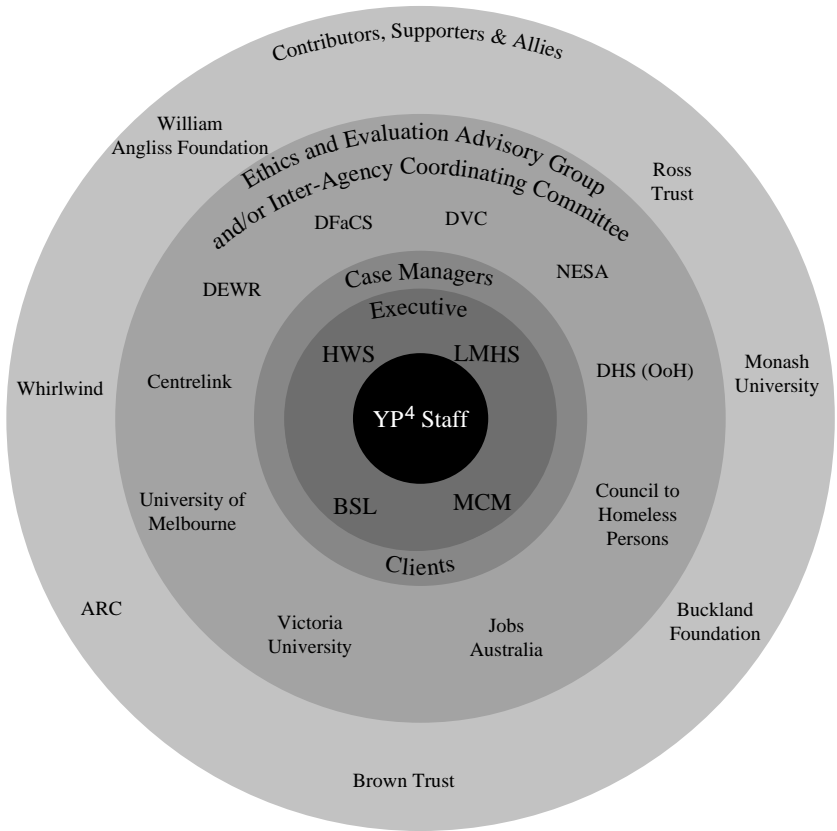
ACFE	Adult Community & Further Education
ARC	Australian Research Council
BSL	Brotherhood of St Laurence
CSF	Community Support Fund
DEWR	Commonwealth Department of Employment and Workplace Relations
EEAG	Evaluation & Ethics Advisory Group
EIF	Employment Innovation Fund
FaCSIA	Commonwealth Department of Family and Community Services and Indigenous Affairs, formerly FaCS
GST	Goods and Services Tax
HEF	Housing Establishment Fund
HWS	Hanover Welfare Services
IACC	Inter Agency Coordinating Committee
JNMs	Job Network Members
JPET	Job Placement, Employment and Training programme
LMHS	Loddon Mallee Housing Service
MCM	Melbourne Citymission
MoU	Memorandum of Understanding
NESA	National Employment Services Association

NHS	National Homelessness Strategy
OECD	Organisation for Economic Cooperation and Development
OoH	Office of Housing is a statutory name for the Housing and Community Building Division within the Victorian Department of Human Services
PSP	Personal Support Program
SAAP	Supported Accommodation Assistance Program
THM	Transitional Housing Management
DHS	Victorian Department of Human Services
DVC	Department of Victorian Communities
YHJS	Young homeless job seekers
YP ⁴	Young People, to the power of four. The four P's are

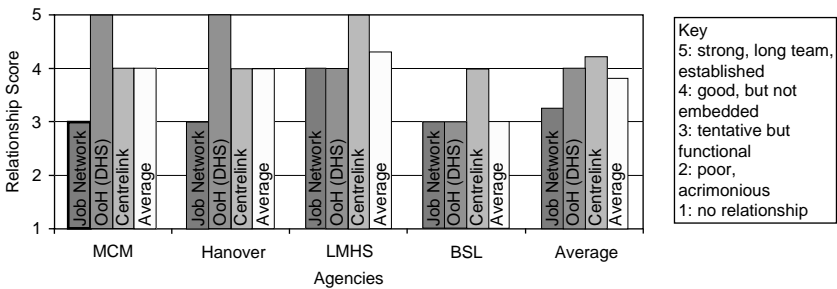
- Purpose – meaning a job,
- Place – meaning a home,
- Personal support – to denote the service being offered, and
- Proof – to acknowledge YP⁴'s status as a trial and to convey the importance of the evaluation framework which underpins YP⁴.



A.2 YP⁴ Government Accountabilities



A.3 YP⁴ Partners



A.4 Relationships between Partner Agencies and Primary Local Joined Up Service providers

Notes

1. JPET is aimed at assisting students and unemployed young people aged 15–21 years (with priority to be given to those aged 15 to 19), who are homeless or at risk of becoming homeless. Sourced from DFACS 2002, The Job Placement, Employment and Training (JPET) programme, accessed at <http://jpet.facs.gov.au/> 16 September 2005.
2. PSP is a two-year programme targeting individuals with significant, multiple barriers to employment. Participants are often highly disadvantaged and deemed not job ready. Sourced from YP⁴ internal document 'Personal Support Program – Interface with YP⁴: Notes for discussion'.
3. Crisis Supported Accommodation funding is paid to community agencies who provide emergency accommodation to homeless people and is allocated on a per-bed basis. Commonwealth Department of Families and Community Services (2005). The Supported Accommodation Assistance Program, downloaded from www.facs.gov.au on 6 January 2006.
4. Administered by Victorian DHS, but programme co-funded by state and commonwealth governments, THM funds medium term (3 to 12 months, or 18 months for youth) accommodation for people who are typically exiting crisis housing. Properties are owned and leased by the Department for this purpose. Transition from crisis housing into THM and from THM into private or public housing is assisted by workers employed by the SAAP Transitional Support programme. While SAAP workers support the tenants, the Department remains the legal landlord. Information referral services, housing advocacy and financial assistance through the Housing Establishment Fund are also provided through the programme. The programme is closely linked to the Supported Accommodation Assistance Program. From Department of Human Services 2004, Summary of Housing Assistance Programs 2003–4, accessed at <http://hnb.dhs.vic.gov.au> on 16 September 2005, p. 30.
5. HEF is a Victorian Government grant programme providing financial assistance to households in housing crisis. The programme provides funding to community-based agencies delivering Transitional Housing and Supported Accommodation Assistance Programs to support people to either access or maintain their accommodation in the private rental market, and also to secure purchased accommodation for people in crisis who are homeless or at risk of homelessness. The HEF programme aims to prevent homelessness by assisting people to maintain their private rental accommodation, and respond to homelessness by assisting people to access overnight emergency accommodation and/or to access and maintain private rental. HEF is distributed throughout the state. Accessed from the Victorian Department of Human Services (2002) Concessions Guide, downloaded from http://www.dhs.vic.gov.au/concessions/Guide2003/g_housing.htm on 30/08/2005.
6. Including Horn, M. (1998b), *A Foot in the Door*, Expectations for the future of homeless young adults, HWS, Melbourne; Horn, M. (1998a), *Improving the Job Network for people in housing crisis*, HWS, Melbourne. Hanover also collaborated with colleague agencies on additional studies e.g., Dearn, L. (2000), *Negotiating the Maze*, an analysis of employment assistance for young people, BSL, Fitzroy.
7. Louise Coventry, M., YP⁴ (5 February 2006), 'email to Aaron Hart regarding Job Network Agreements.'

8. The eligibility criteria for participation in the YP⁴ trial, as spelled out in the Trial Proposal document (p. 8) is as follows:

- 18–35 years at referral,
- currently homeless or history of homelessness,
- Newstart or Youth Allowance recipient,
- new recipient or previous experience in Job Network, CSP/PSP, JPET,
- eligible for Intensive Support or Personal Support Program.

Welfare agencies do not maintain this level of information about their clients as it is not relevant for the provision of SAAP or other services they deliver. DEWR and Centrelink both maintain databases with all the information to establish eligibility, but both have their limitations. The Centrelink data is compromised by the low level of disclosure to Centrelink of homelessness and relevant barriers to employment, especially personal factors (Trial Proposal, p. 9), while the DEWR database is of limited use to the YP⁴ trial because the privacy provisions restrict data access and use (Fran Marshall interview, 17 March 2006, p. 12). JNMs' role in recruitment was hampered by very limited awareness of the trial (Kerren Thorsen interview, 27 January 2006, p. 5) and the failure of DEWR to provide a list of eligible clients in a timely manner because of privacy concerns. The partner agencies were also frustrated with poor information. In February 2005, early in the recruitment process, the partner agencies referred 14 clients to Centrelink only to find that only 4 were eligible (YP⁴ Management report, June 05). Lacking the resources to establish other referral pathways, YP⁴ was forced to rely on Centrelink as the primary entry point into the trial (Janie Davey interview, 17 March 2006, p. 3). Centrelink had not allocated any extra resources to the recruitment process so began 'tacking-on' eligibility assessment onto their other processes (Janie Davey interview, 17 March 2006, p. 3). There was no precedent for Centrelink participating in a 'social experiment' such as YP⁴ (YP⁴ Management Report, November 2005) and it took a long time to create awareness of the trial among relevant Centrelink staff (Janie Davey interview, 17 March 2006, p. 3). Data held by DEWR indicated a much larger number of candidates, but because of the poor interface between Centrelink and DEWR datasets, cross referencing was difficult (IACC minutes 9 May 2005). As of February 2006, recruitment was deemed complete with a trial group of 177 participants (Management Report February 2006), although recruitment was to continue until December 2006 (YP⁴ newsletter Issue 1, July 2005). The last reported number was July 2006 with 228 participants and 187 in the control group (Grace, M. (2006), A social experiment in joining up services: Evaluating outcomes of the YP⁴ trial, 2006 National Homelessness Conference, Sydney). During the course of the trial this number will fall because of participants exiting the programme.

9. Established by a content analysis of the meeting minutes and agendas.
10. Originally FaCS but later DEWR after machinery of government changes in 2004.
11. For JNMs see YP⁴ Team Report to the Inter Agency Co-ordinating Committee, Monday 13 February 2006; DHS see Sally James interview, 20 April 2006; Centrelink see Sharon Fisher interview, 19 January 2007; DEWR see Fran Marshall interview, 17 March 2006.

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10

The New Regional Policies Implemented in Partnerships in Italy

Luigi Burroni

Introduction

Since the beginning of the 1980s firms in advanced economies began a radical process of restructuring of their productive organisation. The Fordist model of division of labour was replaced by a more fragmented system, based on inter-firms networks; until then goods were produced entirely 'inside' a single large firm, while with the new models of production goods were the outcome of the cooperation of several firms (often of medium and small scale).

The three pillars of this model are diversification, labour flexibility and product quality, and inter-firm networks seem to be the organisational formula that fits better with these requirements. More recently this process of reorganisation has been fostered by the rise of international competition related to globalisation: firms in western economies can no longer afford competitive strategies based on cost reduction and low quality and should invest on what has been defined 'the high road of development' (Crouch and Streeck, 1997; Hollingsworth and Boyer, 1997; Hall and Soskice, 2001).

As many researches have shown, the capacity of these complex inter-firms networks to compete depends more and more on the quality of what economists name as 'external economies': these are tangible elements such as infrastructure, logistics, services, research and training, but also intangible qualities embedded in external cooperative relationships, such as trust, expertise and tacit knowledge (Crouch et al., 2001, 2004).

Hence a paradox emerges: while on the one hand, globalisation increases firms' territorial mobility, on the other it also renders them more dependent on their immediate external context. This implies that the competitiveness of a firm and of local and regional economic systems increasingly depends on how effective local actors – whether individual, collective, private or public – are in creating cooperative agreements that not only deliver price benefits, but also create clear location advantages (Amin and Thrift, 1997; Cooke and Morgan, 1998; Porter, 1998). By extension, competitiveness is

also linked to the ability of local, national and European institutions (and policies) to promote and produce externalities, so that there has been a sort of re-territorialising of economic, political and governmental activities (Keating, 1997).

The traditional relationships between centre and periphery are therefore reshaped, moving from older models of hierarchical coordination to experimental new forms based on logics of cooperation and collaboration. While cost advantages remain a priority, they are embedded in new contexts where knowledge and 'social capital' have increased their importance; cost reductions should accommodate the type of innovative, flexible and high-quality production necessary to limit competition by firms in countries where labour and production costs are lower.

This chapter will focus on this kind of resources that are intentionally produced by policy or other types of action by different institutions. From this point of view, the presence of an industrial atmosphere related to the long-term productive specialisation in a certain territory and to its historical tradition is not important for this chapter, while the attention will be devoted to new skills for a section of the workforce, research and development activities, physical infrastructures, information on new markets, marketing arrangements for foreign market, acquisition of new equipment or technology, gaining access to expensive services, resolve labour disputes, getting legal advice and so on (Le Galès and Voelzkow, 2001).

Devices and mechanisms for the production and allocation of these goods may vary from one country (region) to the other, and their analysis has been recently adopted to identify the main features of different varieties of capitalism. For example, among European countries many differences can be identified in the role of the regional level of regulation, in the role played by private actors and in the kind of local competition goods that are produced (Hall and Soskice, 2001; Burroni, 2005).

However, even if with different mechanisms, all European countries are paying attention to these services and are promoting new policies to create local and regional competitive advantages, in order to reinforce the competitiveness of their territories within an international context characterised by the so called territorial regime competition (Streeck, 2000).

According to a large strand of literature, these efforts are reshaping local institutional settings and creating new forms of governance, characterised by a high level of public-private interdependency, social participation and non-hierarchical decision-making. The concept of network is crucial in order to understand these new forms of territorial regulation that are often defined as 'network governance' (Considine, 2001, 2005).

This chapter will examine these practices looking at recent changes in regional economic and labour market policies in Italy, and analyse the Territorial Pacts (TPs)¹ more particularly. Italy is often mentioned as an

example of this emergent governance structure, and Italian TPs are considered as one of the most interesting cases of the new policy approach for socio-economic development in backward regions.

At least three basic questions arise from analysing these policies. Are these policies something new or are they simply the old method of policymaking with some minor changes of image? Are these new modes of governance capable of promoting socio-economic development in a context of globalisation? Should our evaluation be positive or are there also weaknesses and failures in the TPs experience?

The chapter will try to answer these questions and shed light on:

1. the institutional architecture of these practices of participatory policymaking;
2. advantages and shortcomings of collaborative arrangements that lie behind the new policy devices; and
3. those variables and process that can be associated with successful cases of TPs.

Learning from industrial districts: Policies for local development in Italy

As it is well known, Italy is characterised by territorial disparities: notable differences can be found in labour market trends (in 2005 Lombardy and Veneto had an unemployment rate of less than 4 per cent, while in Calabria and Sicily it was higher than 20 per cent), in firms' competitiveness (in 2003 the per capita added value in Lombardy more than doubled that of Sicily and Calabria) and so on.

Many analyses have shown that manufacturing activities in competitive regions are characterised by a peculiar form of territorial division of labour, the industrial district. Industrial districts are small-scale areas with a high level of productive specialisation in manufacturing activities, mainly characterised by medium and small firms capable of exporting a large part of their production. The reasons behind the good performance of these areas can be found in a constellation of resources that have not been eroded by the Fordist model, which triggered a sort of 'local reinterpretation' of the process of industrialisation (Bagnasco, 1977; Becattini, 1987; Trigilia, 1986; Sabel and Zeitlin, 1997). These include, among other things, widely diffused trust, locally rooted know-how and a general diffusion of entrepreneurial values (Dei Ottati, 1995).

More important for the purposes of this book is that many studies have underlined that industrial districts are characterised by a tightly woven network of local institutions, including local governments, unions and employers' associations that promoted the development of what has been defined as local competition goods (see Crouch et al., 2001; 2004).

Examples of this model can be found among the industrial districts of the so-called Third Italy, and especially in the 'red regions', such as Emilia Romagna and Tuscany. Here, local governments, employers' associations and trade unions share a longstanding tradition of cooperation that influenced the set up of what has been defined as 'hidden micro-concertation' (Regini, 1991): a process of local social negotiation that created and reinforced local competitive advantages, offering to firms important resources they were not able to produce internally because of their small scale.

Other examples can be found also in different kinds of local systems, such as cities that have recently faced the processes of de-industrialisation: some of them tried to escape from the industrial decline trap establishing neo-voluntaristic forms of local social negotiation (Le Galès, 2002; Pichierri, 2002; Perulli, 2004).

During recent years, national economic and labour market policies have been influenced by the success of this model of development: collective action and microcorporatism of cities and industrial districts were seen as particularly effective in the production of collective goods and services. Collaborative strategies for locational advantages were also seen as a prerequisite to promote local economic development in backward areas. For this reason a 'new' kind of policy approach has emerged since the beginning of the 1990s, based on national policies that promote cooperation and negotiation among regional institutions: the beginning of this process can be found in the National Agreement on Social Concertation signed in March 1991 that underlined the need to reinforce and promote local resources via social negotiation among local stakeholders. This process was also reinforced by the recent changes promoted by the European Union in many policy fields: the method of social negotiation is one of the main pillars of the Open Method of Coordination, as well as of EU new regional policies and of many economic policies (Zeitlin and Trubek, 2003).

The new set of Italian policies was called *programmazione negoziata* (negotiated planning) and aimed at 'regulating public interventions that involve a large number of public and private actors and that have complex decision-making processes with a rational use of public funds' (Law 662/1996). It was characterised by a set of new instruments among which are Institutional Agreements (*Intesa istituzionale di Programma*), Territorial Pacts (*Patti territoriali*), Area Contracts (*Contratti d'Area*) and Programme Contracts (*Contratti di Programma*). As we can see by their names (agreements, pacts, contracts), these policy tools were based on explicit processes of negotiation that ended with a public document which included the contents and the strategy of the policy.

The *programmazione negoziata* was specifically designed to promote trust and to stimulate and coordinate investments by private enterprises and local administrations, promoting endogenous territorial activities and combining tangible and intangible public infrastructure investments with

incentives and investments from private firms. According to the strategy of these policies, the achievement of 'improved trust, coordination, common understanding and purposes' was the precondition to create new employment and improve labour market trends at local level (ECOTEC Research & Consulting, 2002).

Among all the *programmazione negoziata* policy instruments, TPs are the most similar to what is defined as network governance. These are plans that search for collaborative advantages and that try to trigger local economic development. Their contents are identified at the local level with an inclusive process of negotiation among the most important local individual and collective actors. The implementation of TPs is coordinated by a specific organisation that is often a public-private partnership and in many TPs there is a great effort to coordinate public policies and private initiatives.

The institutional architecture of the TPs for Employment

TPs were created in 1994 with an agreement between government, trade unions and business organisations, with the support of the National Council of Economy and Labour (CNEL), titled *Strumenti e modalità di intervento finalizzati alla coesione economica e sociale del paese* (Instruments to promote socio-economic cohesion). The main aim of this agreement was to promote development and create infrastructures in the backward areas of Southern Italy.

During the following years, pacts' regulation underwent many changes. The Law 662/1996 opened the so-called second phase of the TPs, in which the most important features of the regulatory framework were established. The application of TPs then became possible also in Northern and Central Italy and at the same time the institutions responsible for the regulation of TPs changed: in the first phase the CNEL played an important role, then this role was played by the Ministry of Treasury, then by the Ministry for Industrial Activity. A third phase, characterised by a major role for the Regions, started in 1999 (Magnatti et al., 2005).

This changing framework introduced different types of TPs. They are the so-called First Generation Pacts (12 in all), the Second Generation Pacts (39 of them) that established new rules for funding procedures and included regions of the Centre and North of the country, and the Third Generation Pacts (28 of these) which included pacts on tourism and fishery. Other important kinds of pacts are the Green ones, mainly specialising in rural production (91 in total) and launched in 2000, and the Pacts for territories with hydro-geological risk (32 of these). Magnatti et al. (2005) estimated that more than 200 TPs had been approved between 1996 and 2003. In 2003 a new process of regionalisation of TPs started and this led to the so-called *Progettazione Integrata Territoriale* (Territorial Integrated Planning)

in which regional administrations play the most important role in the set up and implementation of the Pacts (now defined as Integrated Territorial Plans).

It is also important to underline that another kind of TP was introduced in Italy in 1996, the European Territorial Pacts for Employment: nine of them cover Southern regions and one of them was set up in central Italy. There are relevant differences between the Italian Pacts and the European ones: the National Pacts (NPs) were mainly industry-based while the European ones (EPs) covered a wider range of activities; the NPs did not cover training activities while the EPs did; the NPs did not have the possibility to fund coordination costs while the EPs had specific funds addressed to cover coordination costs and to establish local development agencies; the NPs had to make 30 per cent of the total investment into public infrastructure and 70 per cent into private initiatives while EPs had no fixed quota for public and private investments (OECD, 2001a).

There is no doubt that this institutional complexity and instability caused many problems both at local and at national level and weakened the efficiency of TPs. Apart from these changes, the core and the main aims of TPs remained the same: they are an 'agreement between its signatory partners (public and private) aimed at implementing an action plan within industry, agro-industry, services, tourism, and in the sector of connected infrastructures. The main TPs' goal is to promote local development at a sub-regional level, according to a model of sustainable development' (from a definition given in 1997 by the CIPE – Inter-Ministerial Committee for Economic Planning).

Promoters of TPs can be local administrations, public bodies operating at a local level, local employers, worker representatives and private actors. Participation of local administrations is binding: if they are not promoters, they are obliged to sign the Pact and to participate actively. In this way, the local character of this action is confirmed: central government has to evaluate and eventually approve the pact and perform financial and procedural checks while local institutions are in charge of defining the strategy and contents.

The Pact can also be signed by banks, consortia and institutions for industrial development. Banks also have the important role of favouring credit to firms involved in the pacts and they contribute directly to the assessment of private projects.

The preparatory stage of the pact is particularly important because the contents of the pact as well as the mutual commitments of social partners are defined during this phase. It is characterised by intensive negotiations in which public and private actors define together the territorial area of the pact, analyse its economic problems and, above all, outline a strategy of economic intervention suitable for that specific territory. According to the definition of TPs, the involvement of all local major stakeholders is a

precondition for the approval of the pact by the Treasury. For this reason an intense and inclusive process of public–private cooperation characterises TPs from their preliminary phases. Sometimes this public–private cooperation is also formalised: for example, public–private organisations are created to give technical assistance to those firms which join in the pact, or other forms of semi-public institutions are created to provide intangible competition goods, such as skills, information on new markets and products and so on.

Partners signing the Pact take specific and reciprocal political responsibilities and commitments; these ‘binding obligations’ can vary from one pact to the other, depending on the outcomes of the process of social negotiation. For example, municipalities can commit to simplifying their bureaucracy, labour representatives to reducing labour costs, banks to lowering interest rates, enterprises to creating employment, the police force to guaranteeing the safety of the area and so on. What is particularly important is that the pact is a public document; this means that by signing the pact local stakeholders *explicitly* commit themselves with specific responsibilities towards the local society (Cersosimo and Wolleb, 2001; Trigilia, 2005).

Coordination and cooperation among various actors during the implementation phases of the Pact is supported by the action of a ‘responsible agent’ appointed by local stakeholders and chosen among public actors. It supervises all the phases of implementation and can also play a role of technical assistance to private firms; it provides a sort of continuous control of the Pact, identifying critical points and opportunistic behaviour and monitoring economic and labour market outcomes. The responsible agent is also in charge of preparing and presenting to the Treasury and the Region a six-monthly report on the state of implementation of the Pact.

As for financial rules, co-financing is mandatory: private firms receiving financial incentives must contribute with their own private capital at least up to 30 per cent of the total investment. At the same time, no more than 30 per cent of public financing can be spent on infrastructure; the remaining part of funds are devoted to promote entrepreneurship, firms restructuring and labour market competitiveness.

Summing up, TPs are local agreements between public and private partners designed to define and implement plans of action within industry, agro-industry, services, tourism, and local infrastructure and aiming at promoting local socio-economic development at a sub-regional level through ‘innovative forms of decentralised social dialogue or concertation, and the joint and consensual planning of local initiatives for economic and occupational development’ (Regalia, 2003). For this reason, this kind of labour and economic policy has many common elements with the so-called network governance; thus, focusing on TPs outcomes and results can help to understand the advantages and constraints of new governance modes.

Changing governance modes and promoting economic development: The results of the TPs

The main results of TPs can be gathered in two main groups, distinguishing between output results and governance outcomes. The output results are those related to the triggering of economic development and to employment growth, while governance outcomes refer to changes in local policy-making and governance modes.

As for the output results, in some cases TPs were the most efficient instrument of the *programmazione negoziata*. It is possible to find cases of TPs that were less expensive than other policy devices in creating employment and capable of promoting a high rate of establishment of new firms as well as an effective restructuring of firms in crisis.

But the picture that emerges looking at the entire universe of TPs is less optimistic. It is true that the first group of 51 TPs promoted more than 25,000 new employees in the private sector, triggered more than 1300 private entrepreneurial initiatives and stimulated investment of more than 1500 million euro. At the same time, TPs promoted socio-economic growth in areas with a high degree of under-development such as in the cases of Benevento and Naples in Campania (a region with an unemployment rate of 15 per cent), Locride and Vibo Valentia in Calabria (14 per cent), Lecce and Foggia in Apulia (15 per cent), and Caltanissetta and Simeto Etna in Sicily (17 per cent). But internal disparities in the Mezzogiorno continued to rise even in the period of the *programmazione negoziata* and the total amount of new jobs promoted by TPs was not sufficient to reduce the economic gap between Northern and Southern regions. At the same time it is possible to find many cases in which collusive practices among local stakeholder emerged and where public and private investments were not able to trigger any process of local development.

For these reasons there is a wide acknowledgment that TPs failed to reach their economic and employment goals. Some scholars suggested to abandon these negotiated practices to promote local development (see Rossi, 2002). What emerges from this literature is that as far as economic output is concerned, the TPs were not able to promote widespread employment growth and private entrepreneurship, even if cases of local success can be found.

A more complicated picture emerges from the analysis of outcomes on local governance modes. Even in this case successes and failures can be found, but it seems that the positive results are much more encouraging in comparison with economic outputs: pacts have often modified the pathways of local decision-making and local power structures. Some of these changes have a general character, related to the process of change in economic and labour market policies that is taking place at a national level, while others are more locally based and related to specific experiences of TPs.

The first broad process of change concerns the emergence of a new perspective in economic and labour market policies. As a matter of fact, successful cases of TPs had a cognitive impact that favoured a common view, according to which it is more and more necessary to enhance the local social foundation of economic growth. Skills, social capital, trust, efficiency of local public administration, local public infrastructure and other services become the main targets of development policies. In other words, national policymakers begin to take into account not simply single firms and industrial sectors but 'places and territories' and, as a consequence, the territorial dimension starts to play a growing role in development policies.

Second, the experience of TPs represented a further step towards the adoption of policies characterised by formal agreements among public and private actors. They fostered the contractualisation of public policies, in which public and private stakeholders negotiate on the contents of public policies. What is important is that this process of negotiation is public: many negotiated policies have public archives with detailed reports on the contents of stakeholders meetings; in other cases there are web databases with the so called *verbali della concertazione* (minutes from the meetings) that can be downloaded by the general public and so on. This is also true for the outcomes of this process of negotiation, which are formalised in a public document (a plan, pact, agreement etc.) in which local actors specify their commitments and responsibilities; it is in a certain sense a 'contract' between stakeholders and the local society. This process of 'public contractualisation' is certainly very different from the past, when public and private actors cooperated to steer public policies but the process of negotiation – and sometimes also its outcomes – were hidden to the general public.

Third, TPs favoured notably increased participation in regional policy-making with the number of organisations and institutions involved in the making of policies for regional development constantly rising. Past experiments of corporatism included mainly trade unions and employers associations, while nowadays the participation of various NGOs, environmental organisations and social movements is quite widespread. Thus, the overall local society plays a growing role in the process of reshaping its identity (Magnatti et al., 2005).

All along with these general changes, TPs brought about other outcomes more locally based and related to specific empirical cases.

1. In some cases public and private actors stress that the pact promoted forms of collaboration and cooperative networks between local stakeholders, even among actors that previously had not experienced any kind of cooperation. New local coalitions emerged and it is interesting to note that in many cases these networks became a sort of territorial policy community which played a key role even beyond the Pact experience.

In other words, TPs fostered social capital and long-term trust relations among local public and private actors, and these resources continued to be available after the end of the pact. From this point of view, pacts promoted new territorial networks that enjoyed forms of bounded autonomy: they turned into something more than the simple sum of their components (Considine, 2005).

2. A second important outcome of TPs is related to the promotion of institutional learning and the improvement of the capability to plan and coordinate local public policies (Sabel, 1994). Many actors underlined that planning and implementing taught them to create integrated policies for local development. This process of learning improved the capability of local governments to introduce relevant innovations. One example is given by the setting up of specific procedures designed to simplify local public administration. These procedures can be found in many successful TPs (such as the so-called *sportello unico per le imprese*). Another example is the set up of new offices or units in municipal and provincial administrations especially dedicated to the promotion of local development, with a programme of recruitment and training of highly skilled human resources. Another – and more relevant example – is given by organisational efforts of local public administrations to set up new institutions able to plan and implement tangible and intangible public infrastructure, closely related to private investments.
3. Very often TPs brought about changes in local decision-making processes (Regalia, 2003). Many researchers show that after the experience of the Pact, local administration adopted new strategies of local decision-making characterised by two main features: (a) promotion of local civil society participation in the political decision-making and (b) adoption of a long-term perspective in policies related to local development. An increase in local public responsibility is related to these new decision-making processes: local stakeholders have a greater autonomy in decision-making and the success or failure of their decision will directly influence the consensus they have at local level (OECD, 2001a).

These positive results have been associated with the effectiveness of TPs in sustaining both tangible and intangible positive externalities. As for the former, the integration between public and private investments should be noted. The setting up of public infrastructure targeted to the demands of local economy had a positive impact, reinforcing the competitive advantage of local firms. At the same time, it also had an indirect positive cognitive impact on local economic actors, as it consolidated belief in the project of local development carried out with the Pact, which in turn contributed to the mobilisation of local entrepreneurial resources, favouring the birth of new firms. As for the latter, often entrepreneurs underlined that TPs had a positive effect not only because they contributed directly to private investment,

but also because they brought about some important intangible elements such as interpersonal and institutional trust and discouraged opportunistic behaviours.

However, even if this brief review of the governance outcomes of TPs seems to confirm an optimistic view, it is necessary to underline that where there are lights there are also shadows. As a matter of fact, it is also possible to find cases of dramatic failure also for the governance arena, where these collaborative networks had a collusive character or where the TPs experience was not able to produce any significant results or positive change. What is particularly interesting is that there is no correlation between the previous reserves of local social capital and the results of the TPs (Casavola and Utili, 2002): it is possible to find cases with a longstanding tradition of high social capital where the TP experience failed (such as Pisa and Livorno in Tuscany or Cuneo in Piedmont) and cases of low social capital where the TP had relative success (such as the above mentioned examples of Naples, Benevento, Locride and so on). From this point of view, the path dependency theory *à la* Putnam can not explain differences in outcomes of TPs: their success is not related to their historical heritage in terms of social capital and civic traditions.

Thus, it becomes interesting to formulate some hypothesis on factors that promote successful outcomes of TPs. We will try to do this identifying similarities and common elements among those Pacts which can be defined as good practices; naturally, in order to go deeper in the analysis of independent variables it would be necessary to compare a large number of successful and unsuccessful cases.²

The first feature that characterises successful cases is the degree of attention paid to preliminary contextual analysis. Local actors of successful TPs dedicated a lot of resources to the analysis of local labour market and socio-economic trends in order to emphasise specific constraints and opportunities of each local system. At the end of this preliminary analysis the process of negotiation of the pact becomes operative. A well-done contextual analysis offers a lot of information in order to choose the most appropriate strategy for a specific place in a specific period, without being trapped by fashionable ideas suitable only for places with other constitutive elements.

A second common feature is given by the capability to integrate different policy measures. In successful cases of TPs, local stakeholders paid significant attention to the problem of coordinating different policies, such as local welfare with labour market policies or industrial policies with transports policies. Local actors share the view that it is not only the total amount of funds that is able to promote local development but the degree of integration among policy measures and its capacity to produce economy of scale. In other words, successful Pacts are characterised by a high capability of setting up a coherent and integrated local policy mix. This feature is

related to a high degree of horizontal coordination that is twofold: on the one hand there is a high coordination among different local public policies and on the other there is a notable degree of coordination among local public policies and private investments.

Monitoring procedures and the capability of readjusting policies during the making of TPs are other two common elements of successful cases. Ongoing monitoring helps to identify problems and unintended effects, and a flexible approach makes it easier to introduce changes in the strategy of the pact. Obviously, this does not mean that the TP should be continuously modified. The point is that TPs have a medium to long time span (in many cases around 6–7 years) and during this period changes in the overall strategy of the pact might be necessary; a flexible and adaptive approach of local stakeholder helps to redefine objectives and policy approaches and to find efficient solutions to new problems.

Finally, a deep involvement of local government seems to play a very important role. Southern Italy, as is well known, is characterised by weak local governments, but in many successful experiments it was precisely these actors who ‘guided’ the innovative experience. In many cases, mayors and provincial presidents have played a crucial role in both the planning and implementation phases (OECD, 2001a). Thus, the idea of ‘governance without government’ suggested by a large strand of literature does not seem to be confirmed; on the contrary, in successful TPs local governments ‘invest’ in local pacts in order to reinforce their own legitimacy within local society, and thereby help embed the pact itself as a form of real cooperation (Magnatti et al., 2005; Burrioni, 2005; Trigilia, 2005). From this point of view, a pro-active participation of local government seems to favour collaborative advantages.

Conclusions

In the introduction this chapter raised three questions on the participatory policymaking promoted by TPs; these questions were about the degree of newness of TPs, their efficiency in promoting local socio-economic development and on a general evaluation of the TPs and *programmazione negoziata* experience.

The analysis of the institutional architecture of TPs, their advantages and shortcomings and the features associated with successful cases helps to give a first answer to the above mentioned questions.

As for the first question, there are many elements to affirm that TPs – and the policy tools of *programmazione negoziata* generally – have introduced some innovation in Italian policymaking, at least in the field of economic policies. There are some areas in which the older model of hierarchical and centralised regulation³ has been replaced by a more horizontal and locally based governance mode characterised by different basic features, such as

the role played by local institutions, the importance of negotiation among local stakeholders, the search for collaborative advantages and inclusive policymaking. At the same time, the main goals of economic policies underwent some relevant changes. While in the past local and regional policies had a strong sectoral approach, introducing incentives for single firms with certain sectoral specialisation (e.g. direct incentives for small-scale textile firms) the new policies have a territorial dimension: they are not addressed to firms but to places and local systems. TPs make a special effort to promote tangible and intangible goods that fit better with the specifics of each local system; from this point of view, the reshaping of institutional settings of places and territories becomes one of the main aims of development policies. It is important to stress that these changes occurred only in some pacts, those that can be defined as successful, while there is another large group of Pacts without any observable changes in governance architecture.

The answer to the second and third questions is multiform. On the one hand, there are cases of TPs where it is possible to appreciate notable and positive changes in terms of local governance and socio-economic development; in these cases TPs promoted the set up of coherent public and private investments and efficient local competition goods, such as physical infrastructure, museums and research centres. In these cases, firms and workers benefited from these collective resources as well as the rest of local society. Thus, successful TPs are examples of the advantages of collaborative policies. On the other hand, there are also many cases of failure, where collusive strategies and other kind of constraints weakened the results of TPs; these cases show well that the general regulative regime of TPs is not sufficient to guarantee success and to prevent opportunistic behaviours.

Consequently, the recent public debate on the value of *programmazione negoziata* came from two completely different positions: on the one hand there are those who underline the positive aspects of collaborative policies and on the other there are those who radically criticise this experience, proposing more traditional kinds of policies, mainly based on direct incentives to single firms and on a process of recentralisation of economic policymaking at the national level.

This second position based on the rejection of a territorial approach to development policies seems the weakest one: there is a consolidate strand of research that shows the importance of local collective resources and the social foundation of economic growth (Grabher, 1993, 2004; Trigilia, 2001). It is difficult to imagine a high road of development based on traditional forms of firms' incentives. Furthermore, there is a clear demand for a larger *room of manoeuvre* from local and regional actors, which goes against a process of recentralisation of economic policies. But at the same time, the Italian case is useful because it inhibits the development of enthusiastic and acritical support to policies based on area-based partnerships.

Here a major opening for social sciences emerges: the debate on the future of collaborative policies could benefit from comparative analysis of the successful and unsuccessful cases. This could identify weaknesses of the general structure of collaborative policies and identify possible solutions. At the national level, for example, the absence of a strict selection among TPs gave room for collusive networks. At the same time, continued changes in the TPs' regulatory framework created uncertainty and mistrust at local level. A comparative analysis was able to identify those features that helped to achieve significant improvements in labour market and economic development; for example, we saw that a well-completed preliminary analysis of the potential of a local system helped to set up a coherent and rational strategy of development. Another lesson is the need to monitor practices that, on one hand, endorse an ongoing rearrangement of the contents of pacts and, on the other, hinder opportunistic behaviours.

At the same time an important role for social sciences emerges regarding evaluation and monitoring of these collaborative practices. If it is easier to identify measures of economic outcomes, it remains unclear how to identify and make functional good measures of governance outcomes. Certainly case studies can help to identify the impact on the governance side. Other forms of evaluation should also be found in order to monitor and assess the impact of negotiated policies on a larger scale (Giguère, 2002, 2004).

A consolidation of this kind of knowledge could give useful suggestions on how to reinforce virtuous circles and to reduce the constraints on policies searching for collaborative advantages.

Notes

1. This chapter presents the results of two different researches: the first, completed in 2003, was funded by the Italian Ministry of Treasury and was coordinated by Piera Magnatti, Francesco Ramella, Carlo Trigilia and Gianfranco Viesti; it was about good practices in Territorial Employment Pacts. The author of the chapter did a case study and coordinated a research group with Francesco Ramella. The second research, completed in 2005, was funded by Foromez and coordinated by Luigi Burrioni and Carlo Trigilia; it focused on an international comparative analysis on cases of European Territorial Employment Pacts and urban strategic planning.
2. This is part of a research project coordinated by the University of Florence and is based on the systematic comparison of 13 successful cases of territorial pacts with 7 cases of failure. The results of this research are forthcoming in Piselli F., Ramella F. Trigilia C., *Patti sociali per lo sviluppo. I casi di studio*, Meridiani, Donzelli.
3. Since the beginning of the 1990s policies for the development of backward areas in Italy were based on the logic of the so-called Extraordinary Intervention, a centralised model of economic planning based on few large industrial poles, on public subsidies to private large firms, and on the Cassa per il Mezzogiorno (Mezzogiorno Development Fund), an impressive, politicised and centralised public institution that drives a lot of public resources without achieving significant results (see OECD 2001b).

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11

Helping Disadvantaged Youth in Education

Pauline Taylor

Introduction

The Far North Queensland (FNQ) region spans a large, diverse geographical area: from small, isolated islands in the Torres Strait, across remote Aboriginal communities in Cape York, rural towns on the Atherton Tablelands and Coastal areas stretching from the Northern tip of Queensland to beyond the farming areas of Innisfail and Tully. The largest urban centre is Cairns with a growing population of over 160,000. The region incorporates the highest numbers of indigenous school students in Queensland, some of the lowest socio-economic areas in the state and the most difficult geographical areas in Australia in which to deliver a range of government services.

In 2002, the Queensland Government released the White Paper *Queensland the Smart State: Education and Training Reforms for the Future* (ETRF) outlining landmark education and training reforms focused on 19 actions to be implemented through partnerships between young people, parents, employers, schools, TAFE Institutes, universities and other stakeholders. The White Paper (2002) also heralded the introduction of new laws to ensure that all young people in Queensland would be earning or learning. This new legislation, the *Youth Participation in Education and Training Act, 2003*, and *Training Reform Act, 2003* was scheduled to come into effect from January 2006.

In July 2003, 20 schools in seven districts across Queensland commenced trialling the reforms. In July 2004, all Queensland Education Districts were required to develop District Youth Achievement Plans (DYAPs) and prioritise strategies to support young people between 15 and 17 years to remain in learning or earning. These requirements included the formation of DYAP Local Management Committees (LMCs) comprising a diverse cross-section of all ETRF Stakeholders who attend meetings on a regular basis and multiple learning communities. DYAP LMCs were to identify actions for new learning communities to facilitate multiple pathways for all young people and ensure they were successfully implemented.

This chapter describes the governance processes used throughout the trial phase of the DYAP initiative. It maps the programme's successes against the desired policy outcomes and analyses the policy implementation in terms of academic literature including Considine's (2005) notions of new forms of network governance and '*action channels* and ... sets of *boundaries*' (p. 13). Considine (2005: 13) suggests that new forms of network governance offer a robust model of public administration in that they can

- respond flexibly to local conditions (Giguère, 2003: 22);
- achieve lower regulatory costs by stimulating collective action (Ostrom, 1998);
- reduce transaction costs associated with fragmented service delivery (Sullivan and Skelcher, 2002: 20); and
- increase legitimacy through increased participation in decision-making (Rhodes, 1990; Walsh, 2001: 111).

Considine (2005) defines networks as 'the connections that express a social world based upon partnerships, collaborations and inter-dependencies.' (p. 4) and suggests there are three ways or 'domains' in which networks can influence policy and programme development. First, there are those networks generated through joint mandates or resource dependencies. Second, there are networks of individuals with organisational roles and third, are interagency or 'delivery' networks where diverse agents collaborate in 'the provision of a common programme or service' (p. 9). This third type of network, according to Considine (2005), 'implies a new regime of strategies and methods to create joint management and integration of services ... [where] members of the network co-produce in some way' (p. 9). The Far Northern Queensland districts' DYAP processes indicate a network of the third type.

Local governance: Partnerships, structures and implementation processes

The defined role of the DYAP LMCs was to

- Participate in and develop action plans, with all parties involved directly or indirectly in DYAP and provide advice and support with regard to the roles, responsibilities and expectations necessary to achieve these plans.
- Manage prioritisation of all resources allocated specifically for the ETRF and devise strategies to resource all initiatives of the local DYAP.
- Oversee development and evaluation of the DYAP.
- Lead the building of partnerships, relationships and networks across the government, private and community sectors to promote an integrated approach to the implementation of the forms of the White Paper.

- Direct the application process for grants/funding to support DYAP initiatives with the support from the Executive Officer and Programme Manager.
- Oversee the submission of project proposals and initiatives.
- Direct the provision of feedback, evaluation and reporting, as required, to government departments, stakeholders and community members on initiatives that outcomes associated with the DYAP (*Draft Memorandum of Understanding*, Education Queensland, November 2004).

Thus, cooperation or collaborations between government departments (and others) was mandated in legislation, with the Department of Education and the Arts as the lead agency.

In the Far Northern Districts, six LMCs were formed to coordinate the development and implementation of the DYAPs. A coordinating project officer was appointed to each of the Tablelands, Cairns, Innisfail and the Torres Strait committees. One participant stated, 'our local approach has been quite different [from others statewide]. Initially we wanted one Local Management Committee but realised the contexts were too diverse'. The project officers also supported the LMCs that had no project officer. A Senior Project Officer, based in Cairns, had general oversight of the DYAP development and implementation, although she stated that 'from the outset I wanted to develop local community ownership of both the plan and its implementation'. Thus, the Senior Project Officer paid great attention to community engagement, particularly in the early phases of the trial.

Each LMC operated according to a common Memorandum of Understanding (MOU) with the Senior Project Officer as the coordinating communication point across the region. A DYAP Board, with representation from stakeholder groups, met every two months to raise local issues and make recommendations. The Board chair was one of the Executive Directors Schools from the Far Northern Districts. Although membership of the LMCs and the Board changed over the period of the inquiry, due to staff turnover in stakeholder organisations, three of the four LMC Programme Managers, the Senior Project Officer and the Board chair remained in their positions throughout the duration of the trial.

All regions were given a common reporting template to record key actions, successes and challenges. LMCs reported back quarterly via the Senior Project Officer through the Regional Executive Director to the Education Department's Strategic Implementation Branch against pre-determined criteria which changed according to the phase of the trial implementation period. This quarterly data informed the state trial implementation reports.

At the end of the initial ETRF (Queensland Government, 2002) trial implementation period, in 2006, there was a statewide evaluation of the DYAP initiative. In June 2006, the Far Northern Regional District Youth Achievement Plan Local Management Committee members, Board and other stakeholders met to evaluate the local DYAPs and plan for the region's future.

They took the opportunity at this time to evaluate the plans' successes, challenges and identify priorities and future directions and commissioned a qualitative evaluation (Taylor, 2006) to capture local processes, successes, challenges and learnings in a social archive.

A consistent narrative throughout the trial implementation period and theme in the focus group interviews during the local evaluation was that the Far Northern Region was 'different' from elsewhere in the state. Participants believed that statewide performance indicators and aggregated data collected for the statewide evaluation could not capture local narratives and processes. A key participant from the Far Northern Districts said of his interview for the statewide evaluation: 'most of my conversation was how different our responses were, and had to be, and to try and get them [state level administrators] to understand'. Thus, the objectives of the local evaluation were threefold: first, to capture perceived successes and challenges in the development and implementation of the DYAPs and ETRF (Queensland, 2002) legislation across the region; second, to identify ways forward and regional priorities to provide a social archive of local processes; and third, and learning to complement the summative statewide evaluation.

In 2004, most of the actions in the quarterly reports were focused on building networks and partnerships, developing protocols and communication strategies, mapping programmes, tracking 'at risk' students and increasing awareness of the DYAP initiatives with a variety of stakeholders. Key challenges in these initial stages were pragmatic problems related to geography and the lack of available service providers in remote contexts, attitudinal and awareness issues in schools, staff turnover, inflexibility at district planning levels and an unwillingness to share information across sectors and providers.

In early 2005, six months into the trial, the Department of Education and the Arts underwent a restructure where educational service delivery became managed under a more centralised region, rather than the previous district structure. In mid-2005, twelve months into the trial, minutes from the DYAP Board meeting record the endorsement of a proposal for a two-tiered governance structure in response to the changed regional education structure earlier in the year. It was proposed that the Board should comprise high-level regional decision makers and that the LMCs' roles would be to present information and recommendations to this new Board from the 'grass roots' or LMCs.

In 2005, the actions and challenges remained very similar to the previous year. There was a continued focus on actions related to coordination, mapping, processes and governance to facilitate effective collaborations, information sharing and coordination. Participation in networks and development of partnerships were the major actions. Community engagement processes were also given prominence. The Senior Project Officer at the focus group interviews stated, in relation to community engagement, 'I used the Active

Citizenship model. I was really concerned about processes, and about community ownership. I wanted the process to be democratic, for sustainability.' The challenges in 2005 included the time that community engagement processes necessarily require and this was given considerable emphasis in the quarterly reporting. Issues of inflexibility within and between agencies were also raised including 'Resistance from some agencies (particularly education) to partnerships with other agencies'.

The summative report on the overall impact of the initiative to the Queensland Department of Education and the Arts provided by the FNQ DYAP committee in 2006 identified a number of significant issues: the need for the DYAP implementation to continue to have significant coordination support; lack of staff tenure and staff turnover; political and geographical problems in service delivery; lack of flexibility in learning options; communication and coordination, and partnerships and data sharing.

The local evaluation

Focus groups were convened to conduct the local evaluation at the 8/9 June 2006 DYAP meeting. Participants representing a wide range of stakeholder groups¹ were invited to the focus group interviews and invited to respond to five questions:

1. How do you see the role and function of the LMCs in the development and implementation of the DYAP?
2. Reflecting on your role in the DYAP, what do you consider to be your major networks and relationships?
3. Reflecting on the DYAP journey, what do you think the main outcomes of this initiative have been?
4. Reflecting on your DYAP journey, what do you consider to have been the major challenges?
5. What are the opportunities for future directions of the DYAP?

The structure of diverse LMCs was deliberately devised to maximise collaboration and local ownership. This worked well in terms of generating feelings of ownership and collaboration and building relationships of trust and commitment. Participants saw the Committees as a flexible mechanism to *provide local solutions to local issues*. Local energies had engendered *alliances of commitment*, even at regional level. However, with the Department of Education and the Arts' restructure, ultimate authority and power were still located at the top of the regional structure (with the Regional Executive Director). This hierarchy was recognised by the Management Group in their proposal of a two-tiered governance structure in 2005. The Senior Project Officer stated, 'I was really concerned about processes, and about community ownership. I wanted the process to be democratic, and that has been

challenged a couple of times'. Although LMCs remained vulnerable in terms of power and authority in the regional structure, the Executive Director Schools with the responsibility for the initiative, observed democratic processes meticulously. He had also managed to put a forceful argument to Central Office about doing business differently in the Far Northern Region saying 'I spent about 45 minutes speaking [in the interview for the statewide evaluation] about how different our context was from the rest of the state ... and they seemed really interested in that'.

However, this two-tiered governance system did not seem to be working effectively. Participants stated that it was difficult to get key players in a forum to focus exclusively on DYAP priorities. On the evaluation days, for example, no Board member, who was not also a Management Group member, was able to attend a Board meeting. Board members, who had regional or other strategic roles, had multiple priorities. Issues of time and priority would be ongoing for certain members of the Board, especially those with regional roles. Thus, there were tensions between a governance structure that functioned effectively in terms of operations (LMCs and project officers) and an authority structure which required decision-making and the ultimate authority to be at a regional level.

Participants were anxious to preserve the LMC and to coordinate Project Officer structure. They felt a strong sense of ownership to the extent they said they had a voice 'to inform policy'. On the final day of the local evaluation the Executive Director Schools proposed a structural model for the future that preserved the existing two-tiered governance Board/Management Committee structure in accordance with the regional accountability structure and the LMCs' local management structure but recast the positioning and language of the initiative.

Issues and concerns regarding continuation of funding, particularly for the initiative's coordinating positions, pervaded the quarterly reporting data and the focus group interviews. There was ongoing anxiety that the DYAP processes were vulnerable to vagaries of Department of Education and the Arts funding. In fact, even in early June, 2006, the Senior Project Officer and the Programme Managers were unclear whether their positions would continue beyond the end of the month. The Senior Project Officer suggested on a number of occasions that the DYAP initiative should be located within a community foundation model: 'I really wanted to propose a community foundation/management model ... for sustainability ... to take it outside of Education ... I think it's something we should be working towards.'

Quarterly and focus group data both suggested, however, that considerable state resources across diverse agencies were being committed to youth issues. Ongoing mapping of programmes throughout the trial indicated a constantly changing landscape of programme and service provision as governments departments and community organisations were striving to meet their particular goals and targets. The mapping exercise also highlighted overlaps in

programmes and services. This mapping exercise provided a potentially powerful economic efficiency argument for coordination roles across agencies to avoid service and programme overlaps and duplications. Furthermore, It could also be argued that as the focus on youth education and training programmes was a mandate across many government agencies, continued resourcing for coordination should not necessarily be dependent solely on the lead agency budget.

Participants recognised the benefits of networking and collaboration and appreciated the forum the DYAP process provided for building relationships, developing *alliances of commitment* and collaborative interventions and responses to youth issues. However, schools appeared more reluctant than other stakeholders to build partnerships outside their own department. Participants also believed that schools were difficult to engage in the initiative at all. In early 2005, a key DYAP action had been to present professional development about the initiative for stakeholders, including schools. Given the level of staff turnover across stakeholder groups, information sharing and professional development needed to be a continuing focus if newcomers to the initiative in the region were to be engaged and remain committed.

The DYAP forum seemed to be more about information sharing than action to the frustration of some participants. However, the proposal for future directions presented to the focus groups by the Executive Director Schools refers to the role of the DYAP as a 'facilitation' network for developing flexible pathways for young people and the role of stakeholders as 'enablers' of action within their own organisations. It is pertinent to recall that the function of the DYAP was to *identify* 'actions for new learning communities to facilitate multiple pathways for all young people', not carry them out. In terms of authority and governance, the DYAP LMCs and Board members had no authority or capacity to enforce the centralised mandate that 'The DYAP actions identified in relation to learning communities have been successfully implemented' other than via the Regional Executive Director in schools.

Interagency protocols and politics were sometimes barriers to effective communication. Participants highlighted a culture of secrecy and distrust, particularly across (and even within) government agencies. This was particularly apparent in the inability to identify or track some students, especially those who were not currently enrolled in any school.

Tracking and monitoring 'at risk' students was a serious concern. While some inroads were being made across the region to share data across government agencies, and use this evidence to inform school programming and responses, there was no mechanism (other than the confidential Centrelink and the Queensland Police Service databases) to track students who were not enrolled in school. Legislation and interagency protocols prevented access to these data by schools or community organisations.

The constantly changing relationships between individuals and agencies consumed time and energy of those committed to addressing youth issues and necessarily focused attention within individual regions, rather than beyond them. In contrast, the consistency of the majority of the DYAP coordinating staff and the Executive Director Schools over the implementation trial period was recognised as a key factor in sustaining the initiative. The possibility of losing these coordinating staff after June 2006 was seen by participants as *the* major threat to the programme's longevity.

Although it was a requirement that the local DYAPs were 'publicly available' and they were posted on the Department of Education and the Arts' *Learning Place* website, participants had little opportunity to share practice across the state. One participant stated that 'state structures were not set up for collaboration, other than through the [Learning Place] website'.

The FNQ DYAP network identified two issues relating to the deficit language used around both the DYAP and ETRF (Queensland, 2002) initiatives. First, labelling students as 'at risk' and using this term in discussions with them was an obstacle to their engagement with DYAP initiatives. Participants related that students generally did not see themselves as 'at risk' and attempts to categorise them in this way were resisted and rejected. Second, schools did not seem to be as interested in 'at risk' students as they were in 'positive pathways' for (all) students. The suggested reframing of support and interventions in this way would 'market' the DYAP initiative differently to students, parents, schools and communities and promote inclusivity and encourage cultural change.

The proposed new governance structure focuses on 'The facilitation of flexible learning and training pathways for disengaging 15–17 year old youths' and positions both the initiative and the stakeholders collectively as enablers of flexible pathways for young people. The gerund 'disengaging' is used to capture both the preventive intent of the initiatives and distancing it from a culture of 'retrieval'. The DYAP implementation is described as a 'multi-agency/industry-linked strategy in partnership with the wider community of FNQ including parents, employers, schools, TAFE, RTOs [Registered Training Organisations] and others'. This clearly locates control and responsibility for outcomes across agencies, in partnership with others. Parents are listed first in the list of community groups. The context is 'Positive Pathways for our young people' with no mention of disengagement. The possessive 'our' reinforces attention on the collective responsibility of all stakeholders in the initiative. The model focuses on 'facilitating and scaffolding' and 'Flexible pathways that result in transportable skills, knowledge and qualifications; baseline data and identification of the FNQ cohorts and distance traveled; and cohort identification support – identification of lead agency'.

The issue of and tools for measuring success were raised by stakeholders. Current systemic indicators of success are predominantly summative (measure impact) and quantitative, for example, number and level of student

qualifications achieved. Participants believed that qualitative, formative measures, using adaptations of existing tools could show incremental, achievable steps towards statewide goals and targets.

In summary, successes of the DYAP implementation were regarded as

- a focused approach to youth issues;
- a coordinated approach to tackling youth issues;
- a local approach via the LMCs;
- interagency networks and partnerships and opportunities for collaboration;
- mapping of projects and programmes;
- agreements between agencies; and
- awareness raising.

And challenges were identified as

- sustainability of the DYAP processes;
- dependency of the initiative on ongoing funding allocations;
- sustainable partnerships due to staff turnover and lack of continuity;
- geographical and transport issues;
- interagency collaborations and protocols, particularly within education; and
- having effective data and tracking mechanisms for young people who have disengaged from schooling.

The high degree of correlation between the themes in the quarterly reporting data and the focus groups interviews suggests consensus around key issues across stakeholder groups, despite significant staff turnover over the 30 months of the trial, and a sense of collaboration and cohesion across the trial in FNQ. Participants remained optimistic about the future sustainability of DYAPs, particularly in view of the state budget (2006–7) and reassurances that coordinating positions would remain in place at least for another 12 months. They endorsed a future governance structure which mirrored the existing structure, and the legislative intent of the DYAP had generally been achieved.

What does this particular initiative contribute to our knowledge of networks?

Before considering what this particular case contributes to knowledge about networks and governance it is important to consider the initiative within a wider framework of policy implementation. Prunty (1985) suggests that policy production and implementation processes are site of struggle to sustain or contest existing power relationships. The formation of LMCs, especially the multiple LMCs formed in FNQ, seemed to distribute (centralised) power

to enable more localised responses to implementation issues. The regional restructure within the Department of Education and the Arts initially caused fears but these were dissipated through open and transparent processes at a local level.

Simply because policymakers express intent in policy does not mean their goals will be implemented. Implementation 'problems' are the subject of a wide body of literature (Berman and McLaughlin, 1978; Elmore and McLaughlin, 1981; Hall, 1995; Hall and McGinty, 1997; Weatherly and Lipsky, 1977). McDonnell and Elmore (1987) identify four strategies policymakers can use to increase the likelihood of policy being implemented. 'They can set rules, they can conditionally transfer money, they can invest in future capacity, and they can invest in future capacity, and they can grant or withdraw authority to individuals and agencies' (p. 140). In this initiative, the Queensland Department of Education and the Arts clearly set rules, including one which mandated the formation of networks. 'Multiple learning communities have been formed which involve a wide range of DYAP stakeholders.' Money for the initiative was conditionally transferred through the funding of particular coordinating positions and was contingent on particular outcomes being met. There was, however, little explicit investment in future capacity. The LMCs did invest time and energy in professional development for stakeholders but found this difficult to sustain due to high levels of staff turnover. Ultimate accountability for the initiative's success was placed within the Department of Education and the Arts, via the Regional Executive Directors. Control of the initiative in the Far Northern Districts appeared to be passed to the LMCs and Board, however, participants recognised that this arrangement was vulnerable and the Senior Project Officer reported that their governance had been *challenged a couple of times*. The Executive Director Schools with responsibility for the DYAPs was faithful to the agreed democratic processes and this encouraged relationships of trust, albeit within, rather than beyond the initiative.

Edwards (1980), McLaughlin (1998) and Weatherly and Lipsky (1977) suggest four variables that influence successful policy implementation: communication, financial support, will and bureaucratic structure. In this initiative, communication between Central Office and the regions seemed to be clear although little attention had been paid to communication between agencies, between regions and between all stakeholders across the state. Financial support was provided for initial policy implementation but was not necessarily ongoing. The evaluation highlighted the will of participants to implement the initiative, despite significant challenges and implementation processes allowed local flexibility in bureaucratic structures.

Hall and McGinty (1997) propose that 'the realisation of [policy] intentions is shown as both constrained and enabled by (1) organisational context and conventions, (2) linkages between multiple sites and phases of the policy

process, (3) the mobilisation of resources, and (4) a dynamic and multifaceted conceptualisation of power' (p. 439). This notion of power is particularly pertinent in the Far Northern DYAP processes. Significant attention was paid to democratic, localised processes while participants were still mindful of the hierarchies which could undermine decision-making and ownership.

Falk (2002) proposes that 'inclusive and consultative processes are slow, but they pay off ... in both the short and long term; and continuous and iterative evaluation underpins implementation success and sustainability of policy' (p. 39). The Senior Project Officer was insistent upon taking the time and effort to build community engagement and this did build a sense of ownership among stakeholders, although it is debatable whether the programme would or could be sustainable without continuing government resources. In summary, the policy implementation literature indicates that many of the preconditions for success were evident in this initiative.

Klijn (1997) proposes that networks are 'changing patterns of social relationships between interdependent actors which take place around policy outcomes' (p. 231).

Kickert, Klijn and Koppenjan (1997) distinguish between rational central rule and policy networks. In the former, government plays a central, controlling role with other actors as implementers. Policy networks on the other hand regard government as one of many actors with approximately equal power. In the FNQ DYAP initiative, neither was the case. Participants did not see themselves as mere implementers under government control. They resisted some centralised processes and crafted local responses. In the evaluation, they provide narratives about why they constructed their internal governance in particular ways, although they recognised government control and power as they controlled ongoing resources to support the coordination positions. Participants perceived they had power to change policy, but there was little evidence to support this perception. Nevertheless, the new governance structure indicates the network's transformation of aspects of the policy to better achieve its objectives. Strengths of this particular network seemed to be its democratic processes in that the individual with the most power in the group meticulously observed agreed protocols within it and, in some instances, resisted attempts at centralising control. The network also shared collective knowledge, ideas and values and specific belief systems which enabled members to recast policy language to suit local contexts.

How far can we go?

So, is there any evidence from this particular case study that contributes new understandings in the way we think about social relations and the way institutions are thought to operate? Are there any indications that this

group is operating in a more collaborative, diverse political space with 'new transparency and respectful diversity in the relations of a political community' (Said, 1993). It seems so. From the beginning, attention was paid to community engagement and as horizontal a governance structure as the hierarchy would allow. The meticulous attention to transparency and agreed processes by the Executive Director Schools, the actor with the most power within this network, engendered relationships of trust and resisted centralised processes where they were inconsistent with local realities. This suggests some evidence of 'bounded autonomy' (Considine, 2005). Although participants expressed frustration at the amount of information to be processed and keeping track of programmes and overlaps, they did provide 'action channels' (Considine, 2005) in that they enabled local action and formed alliances of commitment in responding to issues of youth disengagement. Although participants cited challenges associated with persuading frontline actors (principals and teachers) within the lead agency (education) to see the initiative as their core business, the forum or political space created through this initiative allowed for a joined up focus on youth issues that had not been possible before.

Stakeholders in this network clearly believed that they were able to respond flexibly to local conditions (Giguère, 2003) and to some extent they did. Attention to democratic governance processes also seemed to increase legitimacy through increased participation in decision-making (Rhodes, 1990; Walsh, 2001) and foster relationships of trust within the network that did not exist between discrete agencies. The group paid considerable attention to mapping programmes and services over the duration of the initiative to try and avoid service duplications and gaps. Thus there was, indeed, potential to reduce costs associated with fragmented service delivery (Sullivan and Skelcher, 2002). However, the evaluation was unable to determine whether lower regulatory costs were achieved through collective action (Ostrom, 1998).

At the time of going to press, the Far Northern DYAP Board had just received information that the coordinating positions would be continued for another three years. As the group move forward in their endeavours, the nature and dynamic of the programme will provide more opportunities to understand if, and how, these sorts of structures and processes provide new forms of social governance and capital.

Notes

This chapter is based on an evaluation of the Far North Queensland District Youth Achievement Plans (Taylor, 2006). The contributions of stakeholders in this initiative are gratefully acknowledged. Special thanks are extended to Far North Queensland Department of Education and the Arts' Executive Director Schools Rod Morris and Senior Project Officer Anne Holden.

1. Table of specifically invited participants and their roles

Role	Number of participants
Head of Department, Senior Schooling	2
Far North Queensland Project Officer ETRF	1
DYAP Program Managers	2
Executive Director Schools	1
Project Officer, Senior Schooling, Indigenous School Support Unit	1
VET coordinator	1
Principal Adviser, ETRF	1
Principal Education Officer	1
Principal Performance Measurement Officer	1
LMC chair	1
LMC Project Officer	3
CEO, Cairns Regional Development and Employment Corp	1
ETRF Officer, TAFE	1
Deputy Director, TAFE	1
Case Manager, ETRF	1
Officer, DEST	1
Senior Schooling Officer, Catholic Education	1
CEO, FNQ ACC	1
Officer, Indigenous Youth Mobility Program	1
Youth Support Coordinator	1
Regional Manager, DEST	1
ETRF Adviser	1
Chair, Torres Strait Islands Regional Education Council	1
Industrial Officer, Queensland Teachers' Union	1
Regional Director, Department of Communities	1
Regional Manager, Department of Education Science and Training	1
Manager, Education and Training Innovation, TAFE	1
Deputy Chair, Queensland Council of Parents and Citizens, QCPCA	1
Deputy Director, Queensland Dept of Employment and Training, DET	1
Regional Planning Officer, Department of Education and Training	1
Manager Education and Training Innovation, TAFE	1
Deputy Director, Tropical North Queensland TAFE, TNQIT	1
Industrial Officer, Queensland Teachers' Union	1
Secondary Officer, Catholic Education Office	1
Acting Community Support Officer, Department of Communities	1
FNQ DYAP Project Officer	1

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12

Designing Democratic Institutions for Collaborative Economic Development: Lessons from Belgian and Dutch Cases

Chris Skelcher, Filip De Rynck, Erik-Hans Klijn and Joris Voets

Introduction

Collaborative approaches to local economic development have developed in a number of European countries and other advanced economies (Giguère, in this volume). These take economic development from within public bureaucracies and relocate it to new organisational forms based on co-production between government and business, sometimes with the additional involvement of civil society associations and citizens. The resulting structures include quasi-autonomous public agencies, public-private partnership companies, multi-organisational boards and community-based organisations for neighbourhood regeneration, often operating in a multi-level environment of overlapping jurisdictions (Ansell, 2000; Heinelt and Kübler, 2005; Sullivan and Skelcher, 2002). The rationale for taking economic development out of the public bureaucracy is that it enables greater flexibility in approach because of the reduction of direct political oversight, and enhances policy design and implementation because of the engagement of non-state actors (Considine, in this volume).

However, collaborative working presents a new problem for policymakers and public management researchers. The problem is to design an institutional framework for the governance of economic development that provides for anchorage in the democratic system without losing the benefits of flexible policy design and delivery. In other words, we need to find a way of ensuring that the public interest is represented in collaborative economic development but does not detract from the involvement of business and civil society actors.

This is particularly important in a European context. The European Union has recognised the need for citizens to be more engaged in the governance of public policy at all scales – from local neighbourhoods to the transnational level. This is reflected in the adoption of the partnership principal in EU structural fund programmes (Marshall, 2005; Bache and Olsson, 2001). In addition, central and eastern European states are emerging democracies

and face a number of challenges in developing and sustaining a democratic infrastructure. Public–private partnerships and other forms of collaborative economic development have been imported from western European experience, but need to be tailored in ways that support the growth of democratic institutions.

This chapter addresses the problem by examining the basic questions that any form of democratic governance design needs to address, and relates this to the case of economic development. The core democratic design questions are:

1. How can legitimacy be secured?
2. In what ways can relevant publics give consent to decisions?
3. Through what means can the institution be held to account?

For decades, representative democracy was considered the best (or least undesirable) solution to these design problems. However, the organisations being developed for collaborative local economic development operate at arm’s length to municipal or regional government, do not necessarily match a single governments’ jurisdiction, and include private actors and their interests. Other ways of resolving these issues need to be found.

The chapter starts by presenting an analytical framework. It presents the three democratic imperatives of legitimacy, consent and accountability, and shows that different responses to these produce three archetypical governance designs – club, agency and polity. The section shows how these can offer democratic governance in the case of collaborative economic development. We then explore the way in which the problems of democratic governance have been solved empirically. We report longitudinal case studies of the expansion of Mainport Rotterdam and the management of economic, environmental, residential and transportation agendas in the Ghent canal area of the Flanders region of Belgium. The cases demonstrate the evolution of democratic governance designs over more than a decade. The chapter concludes with a discussion of the implications of the analysis for policy-makers and academic researchers.

Designing democratic institutions: A framework

The development of new forms of governance to tackle societal problems like economic development has generated renewed interest in the field of institutional design for the democratic governance of public policy (Klijn and Koppenjan, 2006; Skelcher, Mathur and Smith, 2005). In this section we elaborate the main principles to which the design of democratic governance has to respond.

Principles for democratic governance of local economic development

The analysis of governance designs for economic development start from the *a priori* position that public institutions in a democratic context have to resolve three basic problems (Skelcher, 2005). These are:

- how to provide legitimacy for the institution and its jurisdiction;
- how to enable *ex ante* consent for its policies and expenditure; and
- how to ensure *ex post* accountability for its actions.

These three design problems are fundamental to the field of economic development, as they are to other spheres of policy, by virtue of the ‘publicness’ of the activity. In other words, economic development involves the state (often acting in concert with other parties) undertaking actions that have positive (and sometimes negative) distributional impacts on society as a whole, or on groups or individuals within it. This activity is legitimated, consented to, and held to account by democratic processes to the extent that it takes place through public bureaucracies directly subject to representative democracy.

However, the features of this policy domain mean that reliance on traditional forms of representative democracy is not sufficient. This is because local economic development activity crosses the boundaries between state, business and civil society and involves inter-agency cooperation between levels and departments within government. The changing global economy also makes it more complex, requiring new ways to organise and stimulate local economic development. The governance of this dynamic collaborative space requires new democratic institutions and new ways of managing, such as collaborative public management (Agranoff and McGuire, 2003). For example, cooperation between government and business to finance and deliver major infrastructure projects requires institutions that are able to accommodate the imperatives for public accountability as well as the constraints of commercial confidentiality that apply in the commercial sector. Designing the democratic governance of economic development requires that the questions of legitimacy, consent and accountability be resolved in ways that complement or substitute the representative democracy model. These three aspects of governance design are carefully connected: consent cannot be assumed or tested without accountability, and both in turn rest on the question of legitimacy.

Legitimacy, consent and accountability as design criteria

Legitimacy

The first issue to be resolved in governance design is legitimacy – this involves the politically authorised capacity to act in a given jurisdiction (similar to ‘input-legitimacy’ as defined by Scharpf, 1999).¹ Legitimacy can

be understood in both formal and informal ways. The formal authorisation to act is inherent in the mandate of the institution, arising from the decision of a governmental body and the subsequent delegation of that authority to the new institution. This delegation may take a more legal form in states ordered through *Rechtsstaat* or Code Napoleon systems (for example Germany and France), than in the more pragmatic and dejuridified nations (such as the UK and Denmark). Here, authorisation may be more likely in the form of a decision by political office-holders or managers within a public bureaucracy.

Formal legitimacy through delegation from elected government is necessary, but often not sufficient. This is for several reasons. Policy development, decision-making and implementation in economic development frequently involve a collaborative endeavour between government and business or civil society stakeholders. It is necessary to establish legitimacy in relation to these other stakeholders in the initiative. This will be particularly important in situations where government is seeking voluntarily to engage such actors, rather than legally requiring their participation. There are a number of reasons for reluctance by business and civil society actors to become involved, including the perception that the initiative is not salient for their agendas or that it is tokenistic. Legitimation by a high-level business or civil society organisation (for example, a chamber of commerce or city-wide coalition of community organisations) is one way through which these constraints can be overcome. Individual business and community leaders may also be mobilised by government to build support within their own constituencies. Gaining legitimation by other parties may be reflected in a joint statement announcing their support for the new institution, the use of multiple logos on publicity material and the commitment of political, financial or human resources.

Usually one can find some evidence of formal legitimacy in most of the new governance forms, as we will see later in the case studies. However, because most governance forms for economic development are rather complex in the sense that they involve many actors, complex interaction patterns and complex institutional regimes (Koppenjan and Klijn, 2004), this formal legitimacy is only of relative importance and mainly at a limited number of moments in decision-making. That makes the two other principles for democratic governance more important than in more classical decision-making processes.

Formal legitimation thus is only one part of the equation. Informal legitimation is more subtle, and reflects the willingness or commitment of individuals, groups and organisations to engage with the initiative once high-level decision makers have assured its creation. Implementation theory demonstrates that legitimacy is more dependent on sustaining a regime of support from relevant actors than formal authorisation by high-level actors. The initiative will need to be seen as legitimate by actors at the operational

level, for example civil society organisations invited to contract to deliver aspects of the economic development programme, and by target groups, for example small-business entrepreneurs or unemployed people to whom the programmes are directed. Informal legitimisation may be gained through the application of incentives such as grants-in-aid or externally recognised awards.

Formal legitimation is most significant in terms of traditional democratic considerations. This is the decision that government and other stakeholders will be held accountable for by their constituencies. Informal legitimation is more to do with the operational implementation of the programme and the capacity to deliver the expected results (similar to 'output-legitimacy' as defined by Scharpf, 1999). Such legitimation is instrumental; it is only relevant to the extent that it enables delivery agents or recipients to fulfil the functions expected of them by the programme.

Consent

The second element in governance design is consent. Consent focuses on the processes through which citizens (and the constituents of other partner agencies) are able to exercise voice and judgement concerning the proposals, policies and decisions of the institution. It is a measure of both the procedural quality of the governance of the institution and the substantive distributional consequences of its decisions. The distinction between legitimacy and consent is that the former is about authorising a general capacity to act, while the latter concerns the specific actions proposed by the institution, so is more process-oriented in its nature.

Local economic development institutions need to answer three design questions: (a) which issues they will offer for consent, (b) by which processes will consent be sought and (c) what status will be accorded to citizen and stakeholder voices in relation the institution's own board.

The first question concerns what issues will be offered for consent. There can be an assumption that consent is not required because local economic development institutions are established precisely to by-pass political processes of decision-taking in government because they are perceived to be cumbersome and time consuming. However, this is to privilege a managerial view over the need for effective democratic safeguards at both the input and output stages of the policy process. Economic development institutions are undertaking a public purpose, and thus it is important that relevant stakeholders are engaged in a process of consent giving on key policy and implementation choices.

The second question concerns the mechanisms for consent. Consent in a representative democracy is indirectly affected by citizens through the judgements of those they elect to the legislature or (in presidential systems) the executive. The basis of such a system of democracy is that the popular will is only expressed intermittently in the election of representatives, and

is not engaged in relation to specific policy proposals unless there are provisions for referenda. The rethinking of modes of democracy in recent years has opened up new possibilities for the process of consent. These include various schemes for deliberative democracy (for example citizens juries and deliberative conferences), participative democracy (for example through direct citizen engagement in policymaking) and interactive decision-making (including the use of e-democracy).

Finally, there is the question of the status of views obtained. Choices need to be made about the extent to which consent giving is in relation to general principles to be followed by the institution (for example, to ensure its programmes reach all sections of the community) and more detailed decisions. A choice may be made to require stakeholder consent to the former to be mandatory, but for the board to retain the right of decision on the latter. Alternatively, the nature of the economic development programmes may lead to a judgement that detailed decisions need to be open to acceptance or rejection by stakeholders in order to assist with effective implementation. These are the questions of veto power familiar in constitutional design.

Accountability

Accountability, the final component of governance design, has two dimensions: giving an account and holding to account (Considine, 2002). The first dimension is the process of explaining the decisions and performance of the institution to relevant audiences. Typically, this will include those bodies that authorised the institution's capacity to act in its given jurisdiction. It may also include wider constituencies, for example users of its services or local business or civic associations.

This process of accountability says something about how the institution understands its relationship to its constituencies. Accountability expressed through a report by the board to a meeting of business members conveys a particular hierarchical sense of the expected polity. Accountability through report to a public meeting says something else. The dramaturgy of accountability – where the report is given, by whom, whether questions can be asked, how the event is promoted and recorded, what impact it has on operations – are all contributors to the governance design because they empower and weight the contributions of different actors (Hajer, 2005).

The second aspect of accountability deals with the ways in which the mandate of the decision makers is reconfirmed, amended or ended. Representative government is a design that solves this problem through a regular electoral process. The entity may or may not have elections to their board. If they do have elections, the ways in which the constituency is defined may be inclusive or it may exclude certain stakeholders. More common methods of determining board membership for non-majoritarian institutions are nomination

or appointment by a stakeholder organisation (for example, a chamber of commerce or community organisation), or selection by the board itself. Each method has different implications for the process by which the civic community and the institution's 'members' can hold the board collectively and individually to account.

A typology of democratic governance designs

We can now develop a typology based on different responses to the three challenges for democratic governance design. This draws on research on collaborative public governance in England (Skelcher, Mathur and Smith, 2005). In this research we identified three institutional archetypes which can be defined as 'compositions of structures and systems given coherence by an underlying set of ideas, values and beliefs' (Hinings and Greenwood, 1993: 4). They provide basic institutional designs, reflecting different choices in terms of the relevant underlying values. In the case of local economic development, the archetypes give expression to different choices in terms of legitimacy, consent and accountability.

The three archetypes are termed 'agency', 'club' and 'polity' (Table 12.1). The agency archetype is a managerial instrument for the delivery of government policy. It reflects the broader trend in public governance to create quasi-governmental bodies, executive agencies and special purpose boards in order to enhance credible commitment for policy delivery. It is managerial in the sense that the institutional design accords maximum discretion to managers over the design and implementation of policy instruments. This produces a 'black box' with respect to democratic safeguards because details of what is being decided will tend to be encased within bureaucracy.

In the club archetype, democracy tends to be focused within the member organisations. This neo-corporatist design privileges the leadership of constituent organisations over their memberships. Leaders reach agreement through negotiation around the boardroom table, and their actions are influenced by and accountable to their memberships to the extent that there is a democratic process within each organisation or sector.

The polity archetype is based on values that promote significant democratic involvement in the institution's governance. This may include elections for board members and other developmental activity designed to create a political community around the institution. Legitimacy, consent and accountability to citizens, beneficiaries and other stakeholders are integral to the institutional design. There may also be separate legitimacy, consent and accountability mechanisms linking the institution to government wherein public funding is involved.

We now turn to the empirical cases, which we discuss in terms of the framework set out in this section of the chapter.

Table 12.1 Agency, club and polity archetypes

Archetype	Agency	Club	Polity
Discursive orientation to democracy	Managerial: Democratic involvement by government constrained to setting broad policy goals, with substantial delegation to managers for the design and implementation of policy instruments	Elite co-decision: Neo-corporatist structure in which government, business and civil society leaders of stakeholder organisations reach agreements in behalf of their memberships; the democratic involvement of members is only within their own organisation, not at the level of the governance institution	Community participation: Extensive democratic involvement by stakeholders, beneficiaries and citizens in policy formulation, decision-making and implementation
Focus	Implementation of government policy top down	Mutual benefits for participating government, business and civil society organisations	Creation of political community that can authoritatively allocate values
Legitimacy	From government through political or administrative authorisation, and occasionally legal sanction	From member organisations	From citizens, community organisations, beneficiaries and other stakeholders
Consent	Focus on strategic consent by partners/ government. Limited operational consent opportunities in line with managerialist design	By the leaders of member organisations, including government, who are themselves members of the entity	By member organisations, citizens, beneficiaries, community organisations, etc.; by government especially where public financing is involved
Accountability	To government through performance management systems	To member organisations, including government, in terms of self-interested benefits of decisions	To member organisations, citizens, beneficiaries, community organisations, etc. in terms of procedural as well as substantive outcomes; by government in relation to auditability of public spending

Source: Adapted from Skelcher, Mathur and Smith (2005).

Democratic governance in collaborative economic development: Two case studies

The experience of institutional design for the local governance of economic development varies across Europe. France has a long tradition of public–private cooperation at the municipal level, while the UK has faced major challenges in transforming its substantial local public bureaucracies to a mixed economy of public and private actors. The Netherlands has made considerable use of public–private partnerships for delivering local public infrastructure projects, in contrast to the predominantly public sector approach in Denmark. Central and eastern European states are having to manage the transitions from state socialism to a more plural political economy, and in the process develop a range of local public institutions in the context of pressures for democratisation, private actor participation in public services and the consequences of EU membership (Brenner, 2004; Hodge and Greve, 2005; Loughlin, 2005; Marcussen and Torfing, 2006; Osborne, 2000; Pollitt and Bouckaert, 2004).

The framework set out above can be applied to the empirical cases of governance institutions. For illustrative purposes, the chapter briefly examines case studies from in the Flanders region of Belgium and the Netherlands. These two cases were selected because they provide longitudinal analysis of the evolution of governance for economic development. Longitudinal analysis is particularly important for this field of study, because governance forms beyond representative government tend to operate within a more flexible and adaptive institutional context (Lowndes and Skelcher, 1998). Their design is subject to negotiation between relevant stakeholders to a greater extent than is the case in the more deeply embedded structures of legitimacy, consent and accountability found in the institutions of elected government. Longitudinal analysis provides an opportunity to understand the way in which governance is constructed by actors in terms of both institutional hardware (formal rules and structures) and institutional software (the practices taking place around and within the hardware) (Skelcher, Mathur and Smith, 2005).

Case study 1: Development of Ghent Canal, Flanders

The first case analyses the long-term evolution of a governance network engaged with economic development, environmental management and spatial planning in the Ghent canal area of the Flanders region of Belgium (ROM-Ghent²) (De Rynck and Voets, 2006; Voets and De Rynck, 2006). The spatial development of the area had evolved in an uncoordinated way. This highlighted the tensions between the different uses of the area – as a major industrial centre, residential zone, environmentally sensitive landscape and transport route – and by the early 1990s it was clear that a more unified approach was required.

The project grew from the bottom-up: 'It began as a relatively informal, inter-personal relational framework that expanded over the years' (De Rynck and Voets, 2006: 66). It gained legitimacy from its origins in initiatives by these local actors to address a series of interlinked and highly significant problems that existing governance mechanisms had failed to resolve, and where there was no prospect of further progress. From its start in 1993 until 1996, the network consisted of a small group of public officials and planners who operated on an informal basis. Consent was dealt with through building shared commitment by their agencies, and after 1997 by the introduction of other actors with a shared interest in the strategic plans that were developed. De Rynck and Voets show that this was reinforced by two factors. First, the high degree of interdependency between the actors in this crowded institutional space where all levels of government are automatically involved. Secondly, they regularly interact in different governance arenas on different issues.

From 1997 to 2003 the network used a more formalised Steering Committee to provide explicit consent and accountability mechanisms and to coordinate the projects implemented by partner agencies and a specially created public company. In 2003 the governance design was changed to create more effective ways of making decisions and coordinating implementation. The Steering Committee was replaced by a Sub-regional Network, which operated through a number of working groups. In addition, greater civil society participation in the governance of the initiative was gradually introduced by setting up and supporting citizen groups that also have representatives in the Sub-regional Network. This gradual formalisation of ROM-Ghent had developed in response to the increasing role of the initiative. The revised design offers enhanced legitimacy, consent and accountability mechanisms at the general level, as well as strengthening those within the policy sectors covered by ROM-Ghent.

There are some important features of the context for ROM-Ghent that impact on legitimacy, consent and accountability. The first point concerns the role of elected politicians. De Rynck and Voets report that the whole process has been steered by a small group that includes key local government executive politicians and the provincial governor. These politicians and a small staff of civil servants operate as 'central network brokers' (De Rynck and Voets, 2006: 67) and provide a point for legitimating the endeavour and enabling consent and accountability, even though as a group they are not recognised within the formal governance structure of ROM-Ghent.

Secondly, political parties are important in securing consent to decisions by institutions of representative government associated with ROM-Ghent. Political parties in Belgium play a key role in oiling the wheels of public policymaking, especially where it involves lobbying the various tiers of government. They are often highly competitive. However, De Rynck and Voets report that in the case of ROM-Ghent there was cross-party support,

enabling those steering the ROM-Ghent decision process to undertake lobbying by utilising whichever political party was best suited to obtain the desired results. However, this also enabled ROM to sustain its legitimacy with political parties.

Third, the organisation of government in Flanders is inadequate to resolve complex area-based problems that require multi-level solutions. De Rynck and Voets show that representative democracy has been unable to motivate the creation of effective governance arrangements, leaving a space that informal and semi-formal networks like ROM can fill without the fear of being defined as non-legitimate.

Finally, the institutional complexity of Flanders and the informal interdependencies of the actors in ROM led to ambiguity about accountability. For example, the governor and the civil servants played an active role in ROM, while the provincial council as a political assembly was largely a passive participant. The high degree of project responsibility by individual actors also creates ambiguity about where accountability lies, in relation to the former Steering Committee or current Sub-regional Network. This ambiguity can be seen as an unintended but positive feature of the design in terms of sustaining the governance network and enabling effective planning and implementation, and may also meet the requirements for democratic anchorage in the Belgian context.

Case study 2: Expansion of Mainport Rotterdam

The second case analyses the decision-making processes involved in determining plans for the expansion of Rotterdam harbour during the period 1990–2004 (Klijn, Joop and Koppenjan, 2000; Teisman and Klijn, 2002; Van Gils and Klijn, 2007). Rotterdam is one of the major European ports, and is also of significant economic importance to the Netherlands. Plans for its expansion emerged in the 1980s, and developed through three decision-making rounds from 1990 to the early 2000s. The issues connected to the expansion of the port have a regional dimension, crossing several municipal jurisdictions. They also involve conflicting values, for example, economic and environmental demands. As a result, several democratic governance designs were used over the time to cope with the complexity of the decision-making process:

1. ROM-Rijnmond design during the period 1990–5 was a loosely coupled cooperation between several public actors in the region (two ministries, the province, 15 mayors and some regional authorities). Its purpose was to develop integrated economic and environmental plans for the region.
2. VERM³ during the period 1996–7 was a project group that was created by national government to organise an interactive decision-making process about the necessity of the expansion of the harbour and how the wide variety of stakeholders should be included.

3. The PMR design during the period 1998–2004 was a formal project organisation created by national government to realise the expansion of the harbour, undertake the necessary environmental compensations and involve private actors to achieve that expansion.

The initial process – ROM-Rijnmond – commenced in 1990 and involved the development of an integrated spatial plan for the Rijnmond region within which Rotterdam is located. It had a particular focus on ways of accommodating the need to expand the port. The activity was legitimated by an agreement signed by the participating local governments, provincial government, national ministries, public authorities and regional economic agencies. The approach to integrated area spatial planning was also legitimated by national government, which applied the concept in 11 regions including Rijnmond. A project organisation was created to undertake this task, accountable to the participating organisations, which would also give consent to decisions on how the harbour would expand.

The consent mechanisms involved reporting the results of the ROM-Rijnmond process to the participating organisations, including a recommendation that a new polder (Maasvlakte II) would be required in order to provide space for the expansion of Mainport Rotterdam. Consent was expressed through a new agreement by the partners, signed in 1993. A project team was delegated to prepare a report on the implementation of Mainport expansion through the development of the new polder. They reported in 1995.

The significance of the proposed development led to a change in the governance arrangements. The provincial council decided that the debate about developing Mainport would need to be conducted at national level, and in 1996 the Cabinet instigated an analysis in the context of its work on the governance of large-scale infrastructure projects. The exercise had the aim of reconciling the demand to solve the spatial needs of Mainport with the requirement to improve the surrounding environment. This legitimated the involvement of national government, but changed the scope of the debate as far as local actors were concerned. It also widened the number of actors involved, because the Cabinet adopted an interactive decision-making process termed VERM.

VERM was undertaken by a project group of officials from four national ministries. They initiated a wide range of interactive processes to search out public views on the options. Klijn, Joop and Koppenjan (2000) comment on the lack of involvement by elected politicians in the interactive process, which instead proceeded largely as a relationship between officials and civil society and business organisations. They suggest that this went against the principles of shared commitment to a course of action that might be expected from an interactive process. Thus, consent mechanisms within VERM were partial. This becomes clear from Klijn, Joop and Koppenjan's

observation that the interactive arena had little connection with what they call the administrative-political arena where decisions were reached. They comment:

If we consider the final project decision it is especially striking to see how little of the argumentation and information from the interactive decision-making process can be traced in the project decision. It hardly deviates from the initial decision and the proposals of the project group (originally) set up by the Rotterdam municipality.

(Klijn, Joop and Koppenjan, 2000: 372)

VERM concluded in 1996, although a firm decision on the new polder had not been reached. The Cabinet decided to start a third round of decision-making to advance the project, although in practice the lead was taken by a project group constructed by relevant national ministries, the Rotterdam municipality, and regional and provincial authorities – termed PMR. The core governance feature of this round was to attract private actors for the financing and realisation of the harbour expansion. This was legitimated by support at the national level for this type of arrangement, for instance from the Ministry of Finance. A study of public-private solutions was initiated, but the consent mechanism, which involved agreement by various parties, resulted in the adoption of traditional contracting-out rather than a partnering model. It appeared difficult to commit private partners before they were sure of getting the contract and difficult for public actors to lose their grip on the process. So a design was chosen that still left much of the initiative and power with public actors and that fitted in the judicial tradition of the Ministry of Transport. This also enabled Rotterdam municipality to maintain control of the harbour development, and the state committee responsible for spatial development agreements also wished to avoid too strong a private interest.

The problem of consent, however, was resolved by designing a process for negotiation between environmental groups, private actors and public actors on compensation for the environmental losses as a result of the harbour expansion (Van Gils and Klijn, 2007). In that sense the institutional design was an ideal type Dutch arrangement for consensual decision-making. Afterwards, parliament was highly positive about the negotiated result, showing that environmental and economic values could be reconciled.

The first point to be made from this case is how governance mechanisms for economic development change and evolve over time in response to the changing framing of the problem and the political arena in which the issue is located. What started as a technical issue about harbour expansion became redefined as a matter of state spatial strategy for large developments. This framing then became changed again, in terms of a decision on the appropriate mechanism for engaging private actors in the development.

At each stage the governance form was adapted to enable different forms of legitimacy, consent and accountability.

Secondly, the case illustrates how parallel governance structures may be created, with contradictory legitimacy, consent and accountability mechanisms. The interactive decision-making process within VERM was the public face of a dual governance arrangement whose private face was the administrative-political arena of representative decision-making. These two very different institutional designs coexisted. However, the interactive process, which in theory would facilitate legitimacy and consent for a shared decision, was undermined by the absence of politicians and their veto power in the administrative-political arena.

Finally, the case shows that the underlying material interests of the municipality and other state actors, in relation to the income received from the harbour, constrained the form of public-private partnership used in the expansion project. Consequently the analysis of governance design needs also to incorporate the analysis of underlying interests and the interaction between the two. This two-level analysis is also relevant for the examination of VERM, where political and administrative interests predominated despite attempts at an interactive process.

Club, agency or polity? Democratic governance as institutional design

The two case examples were presented through a discussion of the ways in which problems of legitimacy, consent and accountability were addressed or not. They illustrate that the construction of these democratic questions and their solution varied over time in response to the evolution of the framing of the problem, the interests of actors, and the choices that needed to be made.

Our framework also includes the idea of democratic design archetypes based on different combinations of approaches to legitimacy, consent and accountability. We can draw out a number of additional observations from these cases. Designs which reflect different agency archetypes are evident in several stages, for example the project teams developing the initial Rotterdam harbour expansion and the formalised Steering Committee in the second stage of the Ghent process. These were task-based managerial devices to deliver technical outcomes. They may have included politicians as members, but nevertheless were driven by an implementation ethos. The club archetype was the basis of the initial informal and inter-personal network in Ghent at the start of the process, and the multi-agency network around the Rotterdam harbour expansion at the local level.

There were two examples of a polity archetype informing design. The first was in the ineffective creation of an interactive decision process in the VERM stage of the Rotterdam case. This was an attempt to open up technocratic and political decision-making to civil society actors, and thus create a political community around the issue. However, its isolation from the real

centres of elected political authority limited its emergence as an effective polity. The second example was the Sub-regional Network in the Ghent case, in which all actors concerned participate directly, including citizen groups of the canal villages. The main problem was that the high degree of inclusiveness (over 70 actors) led to a hollowing-out of the Sub-regional Network meetings because the group was too large to have in-depth debates on complex issues. The Network then became a platform used mainly for information exchange. Hence, while a polity archetype was a goal in the Ghent case, the unintended practical consequences of trying to achieve one seem to have pushed it back into the club archetype.

Conclusion

The democratic governance of economic development is a rapidly evolving field. It is a highly complex policy sector with a wide range of actors. The necessity of working in complex governance networks that bring together government, business and civil society actors produces considerable variety in governance designs. In addition, the governance forms evolve over time as policy agendas are framed and reframed, and contingencies motivate responses. Questions of democracy are central to these governance networks for economic development because they shape, decide and implement public policy.

However, it is clear from the case studies and other research cited above that the primacy of politics cannot be taken for granted. These institutions are sometimes tightly coupled to representative democracy, but at other times operate with a high degree of autonomy. This creates an important question for academic research and for the practical design and management of economic development institutions: what is their relationship to representative government (Klijn and Skelcher, 2007)?

The analysis of real-life democratic designs provides a more informed guide to action. In this context, the typology of archetypes offers a way of understanding the overall democratic orientation of a particular governance design as well as offering a basis from which policymakers can create their own solutions. The growth of networks, quangos and other governance forms beyond the traditional model of representative democracy places demands on policymakers to create the best possible instruments in terms of the problems to be solved. Archetypes draw out the taken-for-granted assumptions of policymakers and offer them a broader range of choices. They offer a menu and a consideration of the likely impact of different design in different contexts. Research can help here, for example by elaborating the way in which similar archetypes may perform differently in different countries depending on the 'politics of space' within governmental and democratic cultures (Healey, 1997).

However, it is important that designers of democratic governance for economic development test the assumptions they make. Collaborative

working in arenas outside public bureaucracies does not mean that democratic principles can be ignored. Legitimacy, consent and accountability are about ensuring that the public interest is reflected in the complex, multi-actor decision process. The governance design may change over time, as the cases illustrate, but these basic questions need to be addressed at all stages. This will ensure that local economic development policies and decisions are not dominated by special interests and the pressure for private profit.

The significance of cross-national research such as that described above is that it can contextualise these relationships, and enable researchers and policymakers in different countries to establish more sensitive institutional designs. Democracy means different things in different countries, and there is a danger that governance designs can be taken from one context and transplanted into another with little thought to their relationship to the democratic milieu. Researchers can help to establish the relevant conditions prevailing in countries and assist policymakers to engage in effective and reflexive transfer of institutional designs. This will assist governance designs to become embedded in the local context and supportive to relevant and emerging democratic norms.⁴

Notes

1. Jurisdiction is used in the North American sense of a public institution having authority to undertake given policy functions within a defined geographical space. Europeans refer to the authority to act as the institution's 'competence'.
2. ROM (Ruimtelijke Ordening en Milieu – Spatial Planning and Environmental Policy) is the term used to describe both the Ghent case study process and part of the Rotterdam case study described later in this chapter. A suffix has been added to avoid confusion between the two cases.
3. Verkenning Ruimtebehoefte Mainport – Exploring the spatial needs of Mainport.
4. This is an agenda the authors are developing with Sørensen at Roskilde University, Denmark; Kübler at University of Zurich, Switzerland; and Justice at University of Delaware, USA (www.inlogov.bham.ac.uk/research/esrcdemoc.htm).

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13

Ireland's National Anti-Poverty Strategy as New Governance

Maura Adshead and Chris McNerney

Introduction: What's new about 'new governance'?

'Governance' has, allegedly, taken pre-eminence over 'government' because of the concept's capacity to 'cover the whole range of institutions and relationships involved in the process of governing' in a manner that 'links the political system with its environment, and may complete the project of making political science more policy-relevant' (Peters and Pierre, 2000: 1). Notwithstanding the diversity of governance scholarship, the term has become a useful metaphor for a series of recognised trends in contemporary government behaviour concerning policy architecture, policy process, issues of accountability and the role of the state.

In terms of policy architecture, new governance models are characterised by an expanded presence of bargaining or communicative institutions, as opposed to the relative domination of state bureaucracy and political institutions associated with traditional government frameworks (Peters and Pierre, 2000; Young, 2000). Kooiman's (1999) social political model, for example, is centrally occupied with the issue of how different actors (those who govern and who are governed) interact with each other. In terms of policy process, new governance models are heavily premised upon the involvement of a range of non-state actors. Interdependency and continuing game based interaction between organisations are seen as the defining elements (Peters and Pierre, 2000; Rhodes, 1996; 2000), though little of the conceptual literature elaborates upon who these non-state entities are or ought to be. Following from this, most discussions on the emergence of new governance cite the impact on government accountability and legitimacy. The 'uneasy relation of 'governance' with democracy' has been explored in some detail by Papadopoulos (2003), in particular the trend towards the replacement of the 'influence of the demos' associated with traditional government forms, with that of organised interests. For some this means that traditional institutions of representative democracy are replaced by non-state actors, usually

business and trade unions, who have assumed the character of 'private governments' (Schmitter in Held, 1987: 216).

Finally, recent thinking on governance (self-organising networks, social-political governance and the experiences of Dutch school) frequently, though not always, suggests that new governance is associated with a decline in state control; the emergence of a scenario of facilitation and co-ordination by the state, rather than dictation and control; and the potential devolution of central control to all or any of a combination of autonomous networks, sub-national governance structures or international governance arrangements (Kooiman, 1999; Rhodes, 1994). In such scenarios outcomes are achieved through a combination of formal bureaucracy, which provides public accountability, and informal networks that enable access to local knowledge (Sabel, 2001). In more contemporary governance models, however, the degree to which the state actually loses power – encapsulated by Rhodes (1994) notion of state 'hollowing out' – has been questioned. Some suggest that there has instead been a 'filling in' of the state spaces that reflects a redefinition of the state's role, rather than state withdrawal (Marinetti, 2003). Others argue that the state has not assumed a more facilitative, brokering or 'pacting' role, but maintains its dominant 'powering' role in goal setting and in the mobilisation and distribution of resources (Clegg and Clasen, 2004).

In this chapter we test out some of these arguments with fresh empirical material from the Republic of Ireland.¹ Much of the recent fascination with Ireland's 'social partnership'² (Hardiman, 2005; House and McGrath, 2004; Larragy, 2004; Meade and O'Donovan, 2002; Murphy, 2002; O'Donnell, 2001; O'Donnell and O'Reardon, 1997; Sabel, 2001; Teague, 2006) suggests that the Irish case provides an exemplar of new modes of governance that is 'distinguished by a unique set of institutional innovations for creative, dynamic, and self-reflexive governance for social and economic development' (House and McGrath, 2004: 30). While this may be so for economic governance, we argue that the same cannot be said for social governance. Indeed, our examination of the National Anti-Poverty Strategy (NAPS) is a story of rather more limited institutional innovation which, despite its early promise of creative and dynamic approaches to policy, demonstrates a more limited capacity for self-reflexive governance than might be hoped for. In the remainder of this chapter, we provide the empirical basis for this argument, explore why this is so, and outline the lessons that can be learnt from the Irish case. Following a brief summary of the origins of and influences on the establishment of the NAPS, we examine its evolution in terms of the four key governance trends discussed above. In doing so, we assess the extent that NAPS can be considered an exercise in new governance and the nature of the interaction between new governance processes and 'old government' modalities.

Methodology and case selection

This chapter draws on preliminary findings from a number of current and interrelated research projects, combining qualitative and quantitative methodologies. These include 15 elite interviews with leading actors from the government and each of the four pillars of current social partnership arrangements,³ 26 interviews and nine focus groups held as part of an evaluation of the RAPID⁴ programme, plus material drawn from doctoral research on the development of a model of pro-poor governance. It also draws on the responses to a postal questionnaire survey of cross-departmental knowledge of NAPS.⁵

The NAPS is taken to be a useful test case for illustrating new governance trends, both in terms of the policy issues it addresses and also in terms of the policy process from which it emerged. Formally launched after an extensive consultative process in 1997, the original concept of NAPS was three-fold: to achieve greater integration in policy initiatives by identifying cross-cutting themes across government departments; to establish 'poverty proofing' of all government initiatives and key policy areas; and to develop the participation of people living in poverty whose lived experience might inform policy solutions and bring greater urgency to the debate about poverty (Adshead and Murphy, 2007 forthcoming).

In terms of policy architecture, the NAPS initiative combines traditional government administration with relatively new 'social partnership' policy infrastructures. In terms of policy process, NAPS is acknowledged by its chief architect as an initiative designed to affect the policy *process* as much as policy *outcomes* (De Rossa, 1997). Moreover, its primary focus on advancing social inclusion as a mechanism to combat poverty adds a degree of complexity to the policy arena, with significant consequences for policy evaluation and monitoring as well as NAPS accountability and legitimacy. Social inclusion is a complex concept, but one that usefully highlights a range of 'new governance' issues, since efforts to promote inclusion are necessarily cross-cutting thematics, that typically require multi-agency responses. In this context, it is understood that people are

[-] living in poverty, if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living that is regarded as acceptable by Irish society generally. As a result of inadequate income and resources, people may be excluded and marginalised from participating in activities that are considered the norm for other people.

(Office for Social Inclusion, 2004: 15)

Finally, the NAPS is an interesting test case for examining the capacity of state structures (institutions, policy processes and actors) to adapt to 'new governance' issues and policy agendas, with a view to gaining greater insight

into how new governance policy mechanisms might be integrated with more 'traditional' governmental modalities.

Origins and influences

The NAPS represented the first attempt by any state to adopt an explicit target against which progress towards reducing poverty could be monitored. The NAPS overall objective of 'considerably reducing the numbers of those who are "consistently poor" from 9–15 per cent to less than 5–10 per cent', as measured by the national Economic and Social Research Institute (ESRI) is often referred to as its 'global target'. In this context, 'consistent poverty' is defined as being below 60 per cent of median household income accompanied by experience of basic deprivation as measured by at least one of eight indicators (Department of Social and Family Affairs, 2001). In addition to this, the NAPS identifies five priority areas for government action with associated targets in the areas of educational disadvantage, unemployment, income adequacy, disadvantaged urban areas and rural poverty.

The first impulse towards the NAPS came at the Copenhagen UN World Summit on Social Development in 1995, when Pronsias de Rossa, the then Minister for Social Welfare and leader of the Democratic Left in the so-called Rainbow coalition (with Fine Gael and Labour) announced the Irish government's commitment to drawing up a NAPS. Following a period of engagement with civil society this ten-year strategy was subsequently launched in April 1997 as 'a mechanism for changing the mindset of the decision-makers in our society, to factor in a consciousness of poverty into all public policy decisions' (De Rossa, 1997).

On the one hand, the NAPS was quite clearly an initiative spawned by a centre-left government and the imprint of this government's ideas could be seen in other major policy initiatives that complemented and augmented the NAPS. The insertion of articles 136 and 137 into the Amsterdam Treaty, enshrining the first unambiguous EU reference to combating social exclusion, during the Irish hosting of the EU Presidency is but one example. Equally significant is the 'Rainbow coalition's' stewardship of the fourth national concordat, *Partnership 2000* (1997–2000), which was considered by many the most ambitious yet and reflected a significant shift of emphasis compared to other programmes. Alongside commitments to pay increases and tax reduction, this pact was notable for its inclusion of representatives from the community and voluntary sector, which, combined with a thematic approach to the identification and prioritisation of objectives, broadened the programme's sphere of interest (National Economic and Social Forum, 1997). As a result, *Partnership 2000* laid a stronger emphasis on dealing with inequality, long-term unemployment and social exclusion than had been the case in other pacts. It was responsible for the creation of the Equality Authority (which replaced the Employment Equality Agency), commissions

on wage differential and on the family, as well as a review body for special education. Additionally, the programme signalled a measure of agreement on action to modernise the public service, enlisting the social partners in support of the Strategic Management Initiative (SMI), plus an explicit endorsement that 'developing partnership in the workplace' was key to building a more competitive Ireland (Roche and Cradden, 2003).

On the other hand, the broader political and economic circumstances pertaining at that time made the moment propitious for such a project. While the inclusion of the community and voluntary pillar in the social partnership arrangements reflected the government's acknowledgement of the importance of civil society in public policy deliberations, the groundwork for this had already been set by the previous Fianna Fáil/Labour coalition government with the creation of the National Economic and Social Forum (NESF) in 1993. Set up under the Office of the Tánaiste (Deputy Prime Minister), which was itself an innovation demanded by Labour's inclusion in the coalition, the NESF was 'designed to include women's organisations, the unemployed, the disadvantaged, youth, the elderly and people with a disability, in order that they might influence public policy' (Spring, 1997).

More generally the trend towards consultative policymaking was by this time a well-established *modus vivendi*, supported by developments within and outside the state. At domestic level, by the time of the third national concordat, the *Programme for Competitiveness and Work* (1994–6), the 'partnership process' had become strongly embedded as cornerstone of Irish governance. All the main political parties had been involved at one stage or another of the partnership process and business and union representatives began to acknowledge 'the cultural shift' to partnership governance (Interview B; Interview C). From the government's point of view, there was an acknowledgement of the collective comfort in those peak level engagements that people brought to the table (Interview C). These changing patterns of governance were further supported by Ireland's EU membership (O'Donnell, 2000), where 'compared to other European states, Ireland was uniquely susceptible to Europeanisation effects because of the nationwide consensus in favour of EU membership' (Adshead, 2005: 162). In attempting to respond to sequential EU Structural Fund reforms, Irish governments were obliged to reorganise policy processes, giving greater voice to a wide range of stakeholders identified by the reforms. This, combined with the change of attitude at the national level to government and policymaking, facilitated a change in the structure and style of government, which has been characterised as a move towards 'new governance' (Adshead and Quinn, 1998).

Policy architecture

Immediately after the launch of NAPS, in April 1997, the government established a Cabinet Committee on Social Inclusion in order to provide

political impetus to the strategy's development. Chaired by the Táoiseach (prime minister), the committee comprised all ministers whose brief included policy areas relevant to tackling poverty, including the Minister for Finance. By 1998, the work of the Cabinet Committee was being supported by a Senior Officials Group on Social Inclusion, involving high-level civil servants from relevant departments, whose function was to prepare the agenda and recommendations for review by the Cabinet Committee.

In addition, the Inter-Departmental Policy Committee (IDPC)⁶ that originally developed the strategy remained in place to oversee its implementation while the Minister for Social Community and Family Affairs (SCFA) was given day-to-day responsibility for its roll-out, despite suggestions by some anti-poverty organisations that this function should be more properly located at the heart of government in the Department of the Táoiseach. To support the technical functioning of the NAPS the Department of Social, Community and Family Affairs (DSCFA) established a dedicated 'NAPS Unit', which, in addition to providing the secretariat to the IDPC, was given responsibility for co-ordinating and developing cross-departmental action in support of social inclusion initiatives and liaising between a variety of NAPS stakeholders (including government departments, other national and international agencies, the Social Partners and the EU).

Originally, it was envisaged that the NAPS Unit would be mirrored by a similar unit in the Department of the Táoiseach's office which could provide political and administrative support for the Unit's work. It was also intended that a SMI team comprising its own core staff, plus representatives from other relevant departments would be located in DSCFA, complementing the SMI support structure centrally in the Táoiseach's office and liaising with the Combat Poverty Agency where appropriate. This reflected the Rainbow government view that 'a key element of the strategy is the extent to which it will be underpinned by the Strategic Management Initiative' (Bruton, 1997). Following the change of government in June 1997, however, these developments did not come to fruition.

Other institutional developments, subsequent to the 2002 NAPS review (Government of Ireland, 2002), included the creation of the Office for Social Inclusion (OSI) and the Social Inclusion Consultative Group (SICG). The OSI replaced the NAPS Unit, still located in the Department of Social and Family Affairs, but now supported by nine dedicated staff and a director (who was previously director of the NAPS Unit). Essentially, the SICG was a re-gigging of the Inter-Departmental Policy Committee to include representatives of the ESRI⁷ and representatives of those social partners who ratified the sixth national partnership agreement, *Sustaining Progress (2003–2005)*. This group advises 'on issues related to the development, implementation and evaluation of Ireland's National Action Plan' (Office for Social Inclusion, 2006a: 21). The terms of reference for this group do not state how often it should meet, but in 2005 the SICG met twice. The first meeting was to

review poverty proofing measures and OSI communications, the second was to prepare for the up-coming National Action Plan on Social Inclusion (NAP s/inc) 2006–8.

In order to promote the work of the NAPS at departmental level, it was intended that the NAPS Unit would include permanent representatives from other relevant departments on a full or part-time basis, supported where necessary with external expertise (Combat Poverty Agency, 2000). The corollary of this would be the appointment of NAPS Liaison Officers in all government departments, acting as the first point of contact in relation to NAPS issues within their departments. The appointment of permanent representatives from other departments and uptake of external expertise did not occur. Moreover, instead of appointing NAPS Liaison Officers to all departments, staff were placed only in those departments whose remit directly included anti-poverty work (Combat Poverty Agency, 2000: 39). This is important since the NAPS is intended as an overarching strategy statement and as such 'its focus is on co-ordinating and integrating policy responses. It remains the responsibility of individual Departments to implement their own programmes' (Department of Social and Family Affairs, 2001).

One area where such responsibility showed itself to be problematic was poverty proofing. Very early in the NAPS process, the Inter-Departmental Policy Committee agreed that a system of policy proofing in relation to the impact of major policy measures on poverty should be established. Following an agreement with the social partners in July 1998, the government adopted a pilot poverty proofing system as part of official Cabinet procedures. As a result, memoranda for government and key policy initiatives which require significant policy decisions by cabinet must now indicate clearly the impact of the proposals on groups in poverty or at risk of falling into poverty (Goodbody Economic Consultants, 2001: 13).⁸ Commenting on a later review of poverty proofing by the National Economic and Social Council, the OSI concluded that while government departments are required to poverty proof annual business plans and statements of strategy, 'an examination of a selection of recent statements of strategy and annual business plans found that while most made reference to the NAPS or NAP/inclusion, only a very small number even mentioned poverty proofing and none contained any evidence that they had been poverty proofed' (Office for Social Inclusion, 2006b).

At the local level, the institutional focus of the NAPS was provided through a combination of mechanisms arising from the *Better Local Government* White Paper (Government of Ireland, 2000a: 79) and through the creation of dedicated social inclusion units on a pilot basis in a small number of local authorities.⁹ The principal vehicle at the local level to operationalise social inclusion actions were the County/City Development Boards (CDBs). These were designed to widen the influence of local government within the

local development process by integrating it more closely with pre-existing development agencies and actors. Membership of the CDBs is drawn from state agencies, including local government and from the social partners. The automatic allocation of the chairperson function to an elected representative paralleled other efforts to enhance the role of local councillors in policymaking. One of the key functions of this structure was to enhance co-ordination, co-operation and integration of effort among existing bodies, largely through the production of a ten-year development strategy and the operation of Social Inclusion Measures committees (SIMS). In setting objectives for this strategy local authorities were 'to take account of the principles, targets and objectives set out in the NAPS and over time, local authorities will develop appropriate social inclusion strategies at local level which will underpin and strengthen the national actions taken' (Government of Ireland, 2002).

Experiences to date within the CDBs present a mixed picture of how social inclusion concerns have been addressed. While dedicated SIMS committees were established, an evaluation of this effort at co-ordination concluded that it 'has not, thus far, led to greater co-ordination and integration in the delivery of NDP social inclusion measures' (NDP/CSF Evaluation Unit, 2003: 64). The evaluation concluded that without 'significant change in direction and practice' the process was unlikely to achieve any success during the lifetime of the National Development Plan (NDP/CSF Evaluation Unit, 2003: 64) though it does accept the task of co-ordination and integration on social inclusion may have been a bit of a poisoned chalice in the first instance, given the complexity of the challenges it involved.

The fifth national partnership agreement, the *Programme for Prosperity and Fairness (2000–2002)* also drew a strong linkage between the NAPS and local authorities, with the statement that the Department of the Environment and Local Government, the Department of Social Community and Family Affairs and the Combat Poverty Agency would 'jointly introduce the NAPS initiative in local authorities' (Government of Ireland, 2000a: 79). In addition, poverty proofing was to be extended on a phased basis to a local level through the local authorities and Health Boards. This expanded role was highlighted in the later NAPS review and was substantially incorporated into the 2002 *Building an Inclusive Society* report (Government of Ireland, 2002). This role has been further expanded in the most recent national concordat, *Towards 2016* (Government of Ireland, 2006).

In relation to monitoring and evaluation of NAPS, the NESF, which already had responsibility for monitoring the social inclusion element of the national concordat *Partnership 2000 (1997–2000)*, was asked to specifically report on the progress of NAPS implementation. The Combat Poverty Agency was charged with overseeing the evaluation of NAPS process, 'which would include consideration of the views and experience of the community and voluntary sector', and report back to the Inter-Departmental Policy

Committee (Combat Poverty Agency, 2000: 36). The agency was also intended to provide information and education material, advice and support to individual government departments and other appropriate local and regional government structures.

In attempting to assess the new governance elements of NAPS, its policy architecture presents a mixed picture. At the national level, while some new governance structures have been created, these are frequently populated by existing state sector actors, with a relatively limited role for non-state actors. The limited co-ordination mechanisms (political and administrative) weaken the central capacity to more forcibly drive the initiative forward. In consequence, state actors undoubtedly retain their dominant positions and the potential for the exercise of greater deliberation and bargaining on social inclusion priorities remains largely unrealised. There has been limited follow through on key elements such as the strategic deployment of dedicated personnel, the widespread and effective use of poverty proofing and on the integration of NAPS with processes such as the SMI.

At the local level, the involvement of CDBs may be viewed as an attempt to develop more inclusive policy fora. More generally, however, the degree to which mainstream institutions of government at the local level have embraced the NAPS is open to question, as is the view that NAPS policy architecture represents something substantially different from that which preceded it. From a new governance perspective then, the key question is whether the participation opportunities provided by the NAPS policy architecture (at central and local levels) advance a social inclusion agenda and, most especially, whether opportunities are created for the involvement of those most strongly articulating social inclusion priorities. In order to answer this, the next section looks at NAPS policy process.

Policy process

Originally it was intended that the community and voluntary sector would have a key role to play in the development and subsequent evolution of the NAPS. Following the first review of the NAPS, provided for in the *Programme for Prosperity and Fairness (2000–2002)*, the Combat Poverty Agency noted that ‘the involvement of the community and voluntary sector in the implementation of the Strategy has been limited’ (Combat Poverty Agency, 2000: 40). Community and voluntary sector representatives were involved in two NAPS led cross-departmental literacy initiatives, but these proved to be the exception rather than the rule and while National Anti-Poverty Networks did have meetings with the NAPS Unit, for the most part these took ‘the form of information exchange, rather than consultation or joint initiatives’ (Combat Poverty Agency, 2000: 41). Moreover, while at the time of the first review there were seven National Anti-Poverty Networks,¹⁰ there appeared to be no direct, formal or consistent mechanism for their involvement

within the NAPS. A direct relationship to NAPS only existed insofar as the Combat Poverty Agency maintained an on-going relationship with each of these groups as part of its own organisational remit.

Following the national review, mechanisms for the incorporation of civil society were amended. It was agreed that a White Paper on Relations between the Community and Voluntary sector and the State would be published in April 2000 (Government of Ireland, 2000b) though this had been in gestation for the greater part of two decades previously. Additionally, the NESF was charged with convening an annual NAPS Social Inclusion Forum in order to facilitate the 'government's commitment to consult with all relevant stakeholders, including people experiencing poverty and the groups that represent them, in the fight against poverty and social exclusion' (National Economic and Social Forum, 2006: 5). Forum meetings are held in a single day: the morning is usually devoted to plenary sessions with presentations by guest speakers and discussion, with a series of parallel workshops in the afternoon. The Social Inclusion Report is sent to a variety of government actors,¹¹ though there is no formal provision for any of these to report back to Forum participants.

A further result of the NAPS review was the establishment of a national consultation process prior to each NAP s/inc. report. The OSI was charged with publicising the process, inviting 'written submissions from organisations and individuals on the broad objectives and policy measures to be reflected in the Plan' (Office for Social Inclusion, 2006a: 26). The written stage of the consultation process would be followed by a series of regional and national seminars organised by the OSI 'designed to facilitate the participation with the NAP s/inc. process of people with direct experience of poverty and social inclusion and those that work with them' (Office for Social Inclusion, 2006a: 26). A report of both stages of the consultation process is included in the NESF Social Inclusion Forum and intended to inform social partnership talks.

Thus, while initially civil society access to NAPS was quite broadly envisaged, following the NAPS review, its participation seems to have been largely collapsed into the Social Partnership structure with the result that the community and voluntary sector's input into policy is conspicuously circumscribed and constrained. As it stands, the broader consultation mechanisms put in place under the NESF limit civil society involvement to *consultation with* policy stakeholders only, with little if any potential to more *substantially engage* with them on policy specifics. While the specific policy concerns of the broader community and voluntary sector, relating to the implementation issues concerning the roll-out of a national ten-year social inclusion strategy, are more or less dealt with in a single day by the NESF social partnership structures – those of the 'other' social partners, relating to employment conditions and pay in the national social pacts, can take up to three or four months within NESF and other social partnership structures. Effectively then,

the 'meat' of civil society discussion and engagement on social inclusion is to be found in NESF-led social partnership structures. These, by their very nature, are predominantly economically oriented structures and hence contain only very restricted opportunities for discussion of social inclusion.

One consequence of this is that the profile of the community and voluntary pillar participants in national social partnership agreements has changed over time, with prominent anti-poverty organisations and alliances increasingly questioning the ability of social partnership to seriously address social exclusion concerns. In 2003, the National Women's Council and the Community Platform both publicly withdrew from negotiations for the sixth national partnership agreement *Sustaining Progress* (2003–5) shortly before its conclusion, expressing concern that it did little to promote social inclusion and arguing that agreements made in the preceding programme remained to be implemented (Community Workers Co-operative, 2003). Commenting on their participation in the *Programme for Prosperity and Fairness*, one former participant argued that 'there was no real negotiation with the community and voluntary pillar, there was no opportunity to discuss policy outcomes, to discuss things that could actually deliver for people, so it was a sham' (Interview G). Despite this, their return to the social partnership process as part of a restructured community and voluntary pillar in the latter part of 2006 is noteworthy, demonstrating the inherent tensions and contradictions that exist for sections of the community and voluntary sector implicit in their desire to be represented in predominantly macro-economically oriented negotiations, while at the same time challenging their fundamental orientation and focus.

At the local level, the creation of CDBs and civil society involvement in them can be seen as signalling a commitment to active civil society engagement. For the community and voluntary sector component of civil society in particular, some national level resources were provided to enable the creation of structures to facilitate participation, feedback and accountability. In most cases these are known as community fora and draw participants from a wide variety of community and voluntary sector organisations. In a small number of instances specific community platforms have been established with a distinct social inclusion focus (Harvey, 2002). It could be argued, however, that the impetus towards participation has been more strongly directed towards the creation of *participation opportunities* that are only marginally concerned with *participation outcomes*, particularly for those groups that experience social exclusion. In general, the limited level of community fora funding virtually guarantees that these fora only operate at a basic level, providing some resources for part-time staff support, but failing to recognise the costs involving in promoting participation, especially among disadvantaged communities. Moreover, in many instances the fora remain closely bonded to the CDBs, with CDBs often controlling and managing resources. Evidence on the ground indicates that participation outcomes have been

mixed in quality, are situation dependent and, in many instances, personality driven.

Difficulties in securing widespread institutional buy-in for community participation at the local level may have arisen, in part at any rate, from an earlier failure to engage more fully and openly with relevant local actors. It is clear that the significant elements of the *Better Local Government* White Paper were designed without substantial input from the range of stakeholders. Given that the programme was described by the responsible minister of the time as the 'single most important local government reform measure for nearly a century' (McDonald, 1997), it might be expected that some degree of engagement with local level actors would have preceded it. Instead, the initiative progressed 'with little input from the local authorities' (Keoghan, 2003: 88). There is surely an inherent contradiction in the establishment of new governance mechanisms for local government, when these measures are designed at the national level, by national level actors, in a contra governance manner. Later efforts to encourage local actors to embrace a new role in promoting a social inclusion agenda were inevitably going to encounter problems.

In terms of the new governance elements of NAPS policy processes then, there is a marked contrast in the nature and extent of civil society participation in policy processes at the national and local levels. At the national level, the community and voluntary sector effectively occupies a secondary status and functions within the social partnership framework where the NAPS is now located. The key economic actors, most especially the Trade Unions and the Employer organisations, which clearly dominate the process, are able to negotiate in a far more coherent and strategic manner than the community and voluntary pillar, which has to contend with a larger, more unwieldy membership comprising radically diversified interests and presenting something of a challenge to established arrangements (Meade, 2005). Moreover, since the resources of the Community and Voluntary pillar are extremely variable this often results not only in uneven representative capacities, but also in uneven negotiation aims and ambitions. Some try to prioritise structural aspects of social exclusion, while others attempt to prioritise specific action on concrete issues. The predominant perception of most, however, is that social inclusion issues in any shape or form are largely 'supplementary' to the 'main businesses' of social partnership agenda.¹²

At the local level, by contrast, shifting governance processes have resulted in a relatively prominent role for the community and voluntary sector component of civil society, while the involvement of the more powerful civil society actors is considerably less significant, at least within formal governance processes. For the optimist, this might suggest evidence of 'bottom-up' policy change. For the cynic, it might seem that local level processes do not offer sufficient rewards by way of material paybacks or access to strategic decision makers to justify the commitment of time and resources by the more powerful civil society interests.

Accountability and legitimacy

Reflection on questions of participation cannot escape exposure at some point to the twin concerns of accountability and legitimacy. Some writers have speculated that the evolution towards so-called new governance processes lessens the potential for accountability, as the largely internalised, state accountability systems of old governance models are replaced by the more nebulous and possibly less transparent accountability processes pertaining within networks that are often closed to outside scrutiny (Papadopoulos, 2003; Rhodes, 2000). It is argued that this has led to a 'system of post parliamentary governance [that] tends to be increasingly one of organisations, by organisations and for organisations' where 'expert sovereignty tends to prevail over popular or parliamentary sovereignty' (Anderson and Burns in Papadopoulos, 2003: 479).

In the Irish context these concerns are echoed by O'Connell (1998) who criticises the state for its inclusion of non-elected interests and certain organised interests for pursuing inclusion opportunities. At the national level, the accountability of civil society is presented via *recognised* 'social partners', though these are not considered by all to be legitimate:

The idea that a group of business and trade union leaders, along with representatives of the government, plus a rag-tag of 'community' groups, should decide among themselves, in secret, fundamental economic and social policy for years ahead and decide how and when redistribution should happen is absurd. An end to this arrangement would offer the prospect of a more democratic means of deciding such policy, a more open means and a fairer means.

(Browne, 2006)

In terms of the NAPS, the issue of accountability and legitimacy is more complex for the community and voluntary sector because of its diverse organisational composition, including organisations with open membership, those with restricted membership, and others with no membership. Accordingly, accountability to groups comprising those that experience social exclusion has been significantly weakened.

At the local level too, the contested terrain of the 'community representative' emerges as an issue, where 'questions were sometimes raised as to the "representativeness" of these representatives and the degree of feedback between them and the sector' (Boyle et al., 2003). This is particularly pertinent in relation to the differing representative capacities of elected politicians versus sectoral and state agencies, versus community activists.

The weaknesses in arrangements to secure mandates, and to feedback to a nominating constituency, needs to be recognised by all civil society actors,

as do the limits of who and what they actually represent (Walzer, 1971). While there is limited evidence that such recognition is occurring, arguably, the limited decision-making capacity afforded by new governance mechanisms at the local level means that the fear of creating 'power without responsibility' (Callanan, 2003: 498) is premature and unjustified.

NAPS and the role of the state

Since its debut in 1997, it seems that the NAPS has suffered from a subsequent weakening of political support. Moreover (possibly as a result of its political origins), the NAPS has not attracted high-level administrative champions at either national or local levels. At the time of its introduction, the 'Rainbow government' envisaged the NAPS – along with the SMI and the Better Local Government initiative – as part of a wider package of reforms designed to tackle the modernisation of the public sector and policy processes more generally. Since the Rainbow's government's exit from office, however, these 'joined-up' reform initiatives have to a large extent been de-coupled. While the *Better Local Government* initiative has been driven by civil servants in the Department of the Environment and Local Government (Keoghan, 2003), there has not been the same impetus behind the NAPS initiative. On the one hand, this may be because, relatively speaking, national level civil servants were more involved in driving and drafting the *Better Local Government* initiative than was the case with the NAPS. On the other hand, it could be argued that the *Better Local Government* initiative focused on one part of government with traditional links to one ministerial department (the Department of the Environment and Local Government). The NAPS initiative, by contrast, focused on a range of cross-cutting thematic areas for which there were no obvious bureaucratic champions. Without this support and in the absence of a strong political impetus, it is easy to see why such a diffuse project might be harder to push. More generally, it demonstrates that the role played by state actors (both politicians and bureaucrats) remains critical to the initiative's success. The centrality of state actors to the NAPS evolution is further highlighted by the EU dimension to the initiative.

Following the Lisbon Summit in March 2000, the requirement for member states to each produce a National Action Plan on social inclusion (NAP s/inc) provided the perfect opportunity to 'show-case' the NAPS initiative. Instead, the Irish government appears to have viewed the EU request for submission of the first NAP s/inc as a distinct and quite separate government activity (Atkinson, 2002: 629). The Commission commented in its *Joint Report* that 'neither the analysis which underpins the National Anti-Poverty Strategy nor any of the recent evaluations of this strategy are adequately reflected in the NAP s/inc' (Commission of the European Communities, 2001: 109). Suggesting that trend information on poverty

was not adequately provided, rural deprivation was endemic and there were no specific references to social rights within the plan, the Commission argued that the plan lacked an explicit analysis of the problems of social inclusion, including health, rural deprivation, housing and transport (Commission of the European Communities, 2001). In sum, 'it [the NAP s/inc] does not provide a quantitative or qualitative critique, nor any adequate evaluation evidence from the first four years of the Anti-Poverty Strategy' (Commission of the European Communities, 2001: 56).

In an original draft of the report, the member states were classified into four different groups. Ireland joined Belgium, Germany, Spain and Italy, which the Commission determined exhibited 'elements of a national strategy that (was) being improved in order to reflect new realities or made more coherent' but that did not set overall targets (Ferrera et al., 2002). This system of classification was subsequently withdrawn and 'rewritten to praise good practices rather than criticise bad ones' (Zeitlin, 2003: 26). In the final draft, Ireland was praised for its exponential economic growth, record decreases in both short and long-term unemployment, and falls in the national measure of poverty.¹³ Even so, the Commission still saw fit to criticise many elements of the plan.

On a general note, the Commission expressed concerns over increasing income disparities and noted that Ireland had the lowest percentage spending of GDP on social protection in the EU: this stood at 16 per cent in 2001, compared to an average of 27.5 per cent across the EU (Healy and Reynolds, 2003: 56). More specifically, the Commission noted that although the NAP s/inc plan contained a long list of pre-existing policies, it was very short on new initiatives and approaches. This less than positive view was shared by many in the community and voluntary sector, who pronounced the plan 'extremely disappointing' (European Anti-Poverty Network, 2002: 69). Many complained that it was less participative than other strategic processes and that their contributions were 'less valued' (Commission of the European Communities, 2001: 57).

What this tells us about the alleged changing role of the state in new governance contexts is certainly worth considering. The shift from government to governance is widely understood as a process whereby conventional direct governmental action is replaced by a more complex system of policymaking and implementation, involving new sets of actors and relationships between them. The evidence offered in this case study shows a number of trends in this direction, while supporting earlier conclusions about the Irish move to governance, *viz.*

the Irish government's willingness to share and/or devolve policy authority to new sets of actors and institutions, and to foster new sets of relations between them – despite making the policy arena a little more complex – has meant that the move from government to governance is not perceived

simply as a diminution of government control, but rather, as a positive redefinition of its role.

(Adshead and Quinn, 1998: 221)

More significantly, in relation to the NAPS, this study demonstrates that while Irish governments are willing to engage in new governance policy fora and processes, the central authority and significance of the state remains assured. As the discussion thus far has shown, the presence of a strong state engagement within the NAPS initiative is pivotal to its success. Equally, it may be argued that the declining state commitment to NAPS has considerably weakened its potential impact on combating social exclusion. Initially *strong political support* gave way – at national and local levels – to *weakening administrative buy in* and declining political interest. Moreover the gradual synergising of NAPS processes into the institutions (including structures, values and norms) of pre-existing social partnership arrangements ensured that clear boundaries would be set on its ambitions. It also ensured that the dominant position occupied by the state within social partnership remained intact, lending further credibility to the view that much new governance – rather than weakening the state – simply reconfigures the ongoing exercise of its control.

NAPS as new governance?

By contrast with traditional government or old governance approaches to policymaking, the NAPS was innovative in its attempt to achieve both *targeted outcomes* in relation to social inclusion indicators, and in its intention to *change governance processes*. During the lifetime of the NAPS, however, the balance of emphasis between these twin ambitions has shifted. Originally envisaged as a 'mechanism for changing the mindset of decision-makers' (De Rossa, 1997), the NAPS has been traduced into a limited set of policy initiatives designed to target those at risk of social exclusion (as defined by the EU and NAP s/inc). In the process, the NAPS has withdrawn from the challenge of developing governance arrangements more amenable to the participation of those articulating a social inclusion agenda, preferring instead to 'piggy-back' on the mechanisms of a by now well-established orthodoxy of social partnership dominated by powerful and largely self-interested economic actors.

It is possible to argue that the Irish NAPS can be described as a form of new governance, but only in a much as it has become part of the extended model of social partnership in Ireland. Despite the addition of a community and voluntary pillar in 1997, social partnership continues to be dominated by the country's principal economic actors – the state, trade unions and business organisations. Aside from the governance networks offered by social partnership processes, where social inclusion is frequently the poor

relation, the social inclusion agenda of NAPS has been largely implemented within traditional government institutions and administrative systems. At the local level, it has had to rely on evolving but relatively minimalist local government/local development reform processes that offer the promise of participation but in most cases fail to deliver in any progressive sense. Clearly, for a variety of reasons, the governance mechanisms in which the NAPS now sits accord a stronger legitimacy to voices advocating particular economic policies and largely marginalises those seeking to question the impact of these policies on the generation of inequality.

Social inclusion advocacy has been assumed most prominently by a small number of organisations from within the community and voluntary sector(s) though it is by no means the case that all organisations within this sector share the same perspective. At both national and local level, in its efforts at inclusion, the Irish state has tended to homogenise the community and voluntary sector(s), thereby ignoring the wide range of interests, backgrounds and realities faced by different organisations and their members. This has significant consequences for the pursuit of social inclusion objectives. Compared to the other social partners, the composition of the community and voluntary sector(s) remains expansive, fluid and diverse – a feature that prevents it from coalescing easily with the other social partners, or even within its own ranks. In consequence, the sector as a whole is unable to act strategically. This inability to prioritise action areas often means that in practical terms, the sector is failing to realise its collective representative weight. As a result, despite the range of participation opportunities, its capacity to influence policy is limited. This leaves members of the sector with a dilemma: to exit partnership processes and run the risk of being marginalised and/or excluded; or to remain and feel that they are legitimating decisions over which they have no real influence. In reality both have happened, with some choosing to go and others to stay. As a result there is now a clear and facilitated trend towards elite capture of participation opportunities, paralleled and, it might be said, enabled by the withdrawal by anti-poverty organisations. This is matched by the tendency at the local level towards the creation of very broadly based representative structures that are less capable or disposed towards prioritising social inclusion issues, particularly where these issues require broader societal prejudices to be overcome.

What governance processes offer to community and voluntary sector organisations in terms of social inclusion remains contested. This of course raises challenges for the community/voluntary sector(s) to assess the extent to which governance processes can actually work to serve their interests or indeed to be even able to articulate what their collective interests might be. As observed by Dryzek (1996: 475), 'gain can only be secured when the defining interest of the entering group can be connected quite directly to an existing or emerging state imperative'. Whether the NAPS is one such

imperative at the moment remains open to question. Part of this assessment involves a reflection on the depth of the commitment by the state to the participation of civil society actors, particularly those articulating a social inclusion agenda; whether governance processes are established primarily as legitimacy vehicles or whether they represent a serious effort to refocus the nature of decision-making on public policy; the structural constraints to civil society participation in public policy; and finally, the capacity to recognise and meet the democratic demands appropriate to civil society participation in public policy processes. In the case of the community and voluntary sectors it would appear at this stage that there is limited critical thinking on the nature of participation in governance processes or indeed on the value of participation itself.

As it stands, the NAPS has created, adopted and established linkages with a variety of governance mechanisms at national and sub-national level. And while there are some common themes within them, there has been limited direction given as to how these new mechanisms and the process changes implicit in them are to meld with existing government structures and processes. While a variety of new governance networks (exemplified in various NESF and social partnership fora) explore policy issues and on occasions generate innovative policy proposals, these proposals are then passed on to a variety of traditional government structures to implement. It is within this transition – from policy formulation to policy implementation – that the gap between ‘new governance’ and old government becomes most apparent as governance generated policies are bent, twisted and reshaped to meet the priorities of bureaucrats and, on occasions, political masters. Effectively, the experience of the NAPS at both national and local levels is illustrative of a more general systems incompatibility, which attempts to run new governance software (NAPS) in an integrated manner with pre-existing government and orthodox governance hardware that is clearly in need of upgrading. Rather than recognising the need for a general upgrade, the tendency is to extend or renovate pre-existing institutions, with little reflection on the possibility that substantial rebuild rather than cosmetic renovation is necessary.

Notes

1. Henceforward referred to simply as ‘Ireland’.
2. A system of national concordats whereby representatives of employer organisations, trade unions, farmers and – since 1997 – community and voluntary sector (i.e. the ‘Social Partners’) join together with government to deliberate about economic and social policy.
3. This forms the Irish component of a broader piece of comparative research by O’Donnell and Adshead, as part of the EU 6th Research Framework on ‘New Modes of Governance’.
4. The RAPID programme, Revitalising Areas by Planning, Investment and Development, is an urban regeneration programme in Ireland, operating in a

- number of large urban centres and smaller provincial towns. The evaluation in question focused on the experiences of Tralee, one of the provincial towns.
5. A total of 998 self-administered questionnaires were sent out to higher civil servants in the Departments of Finance; Education and Science; Health and Children; Enterprise, Trade and Employment; Environment, Heritage and Local Government; Community, Rural and Gaeltacht Affairs; Justice, Equality and Law Reform; An Táoiseach; and Social, Community and Family Affairs. A total of 437 completed questionnaires were returned – a response rate of just under 44 per cent (CPA/RA/2004/01).
 6. Comprising senior civil servants, plus representatives of FAS (*Foras Aiseanna Sáothair*) – the Training and Employment Authority, POBAL – an intermediary organisation established by government to oversee the dispersal of EU Global Grant funds, and the Combat Poverty Agency (CPA) – a statutory body responsible for providing policy advice and research on poverty and anti-poverty policies.
 7. The Economic and Social Research Institute (ESRI) was established in 1960 to undertake research on economic and social development in Ireland in order to inform social and economic policymaking.
 8. As of January 2006 the concept of ‘Poverty Proofing’ has now been replaced with ‘Poverty Impact Assessment’.
 9. The most recently concluded social partnership agreement, *Towards 2016*, agreed that ‘the pilot social inclusion programme established under the *Programme for Prosperity and Fairness* (2000–2) will now be placed on a permanent footing and the programme will be extended to half of all county/city local authorities by end 2008’ (Government of Ireland (2006) *Towards 2016: Ten-Year Framework Social Partnership Agreement 2006–2015*. In Department of the Táoiseach (Ed.), Stationary Office.)
 10. The Irish National Organisation for the Unemployed (INOUE); the Community Workers’ Cooperative (CWC); the Irish Rural Link (IRL); the European Anti-Poverty Network (EAPN); the Forum of People with Disabilities (Forum); the Irish Travellers Movement (ITM); and the One Parent Exchange (OPEN).
 11. The Cabinet Committee on Social Inclusion and all government ministers; the Senior Officials Group; the Office for Social Inclusion, the Social Inclusion Units in government departments; local authorities and the Social Inclusion Consultation Group; as well as all NAPS related organisations and groups represented at the meeting.
 12. This perception is confirmed in a series of interviews with the majority of strategic participants, including government representatives, carried out as part of a parallel research programme on national level social pacts.
 13. In Ireland the Governments preferred measure of poverty is consistent poverty defined as being below 60 per cent of median household income accompanied by an experience of basic deprivation as measured by at least one of eight indicators. There has been ongoing reluctance to the use of a relative poverty concept, reflected in a refusal to develop a relative poverty target in the NAPS.

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14

The Partnership Agenda Going Forward: Challenges and Opportunities

Mark Considine and Sylvain Giguère

During the past ten years partnerships of various types have become a front-line for the reform of government practices in many countries. The reasons for this are diverse. In many cases this reform movement is linked to the desire to streamline traditional bureaucracies and help them to break from a traditional vertical focus in which problems are addressed within a specialist mandate which is bounded by strict ministerial responsibilities and a defined area of internal expertise.

While such specialisation has often served to increase competence and accountability, it assumes that policy problems can be contained by such borders and expressed in these specialist agencies. However, where problems are more complex, and where success depends upon successful mobilisation of numerous stakeholders including citizens, such arrangements succumb to 'silo' rigidity, blame shifting and excessive double-handling as successive public authorities struggle to play their role in constructing solutions.

Conventional forms of internal co-operation such as Inter-Departmental Committees (IDCs), cross-cutting units and policy reviews may assist bureaucracies to work with one another, but they often struggle to make the important link to regional and local government and almost always fail to produce concerted action involving communities themselves. With the best will in the world, such traditional institutions remain bound by ministerial accountability, rules of confidentiality and the imperfections of separate budgets and planning cycles among agencies.

But government reform is only one driver behind the move to partnership. The other is the new needs and priorities brought to the surface by globalisation. The paradox of more open borders, technological change and the interpenetration of policy problems and solutions is the refocused attention on local conditions, assets and pathways to prosperity. In place of standardised programmes delivered from above we see an emerging trend in favour of tailored programmes, region-specific strategies and greater self-responsibility for priority setting by citizens.

The sociological expression of this more fluid local-to-global interconnection is the network. Forms of connectedness which link and traverse familial, ethnic and national identities are now seen as central to the structure of society, whether in outback Australia or downtown Amsterdam. When Putnam wrote about these network effects in relation to Italy it was to argue in favour of a link between the depth of these social ties and the resilience of regional governments (Putnam et al., 1993). Strong forms of connectedness across the community lead to trust and other reduced transaction costs. These in turn provide the foundations for commerce, collective management of problems and the willingness to take public affairs seriously.

But the network idea is also a potential problem for those interested in change. First of all we do not know very much about why some places have dense networks and others have very sparse connections. And while it is true that such connections furnish these individuals and firms with opportunities for collective action, the actions they take are not necessarily public spirited.

Dark networks which trade in crime, exclusion or prejudice are also a phenomenon of the new network society. The fluid nature of the network is also a potential problem for accountability. As Zygmunt Bauman (2003) has argued, the loose and conditional forms of affiliation that characterise the network may lack any enduring commitment or norms of accountability. While the overall network may be capable of strong support, gaps or black holes may create serious forms of inequality or information deficits.

The emergence of partnerships fits this pattern of connectedness and the new interest in mutuality to solve problems (See Geddes, this volume). And just as we can see that not all networks are partnerships in the sense that they do not have agreed purposes, so too can we say that not all partnerships are networks – insofar as some partnerships do not reach beyond a limited set of bureaucratic actors.

This difference can be framed as the two aspects of partnership – one which seeks to solve problems in government programme implementation, promoting co-ordination and a ‘joined up approach’ and the other which attempts to generate social capital through strengthening the connections between local and central actors. Both these ambitions are expressed in the term ‘governance’, yet neither of them is necessarily guaranteed.

As Giguère points out in Chapter 3, governments have often increased their own steering deficits by policies ‘encouraging delegation, privatisation, contracting-out and decentralisation’ with the result that their agencies find themselves ‘in a situation of interdependence where no one has control’. So partnerships seek to increase the capacity of government agencies to work more effectively with one another, particularly across the boundaries of traditional portfolios. It is for this reason that several of our cases identify the central motive for partnership as a result of New Public Management (NPM) reforms.

O'Toole and MacNab, for example, begin by recognising that the 'theory is that multi-agency partnerships will be more efficient' but end by showing the tension between capacity building from the 'bottom up' and 'hierarchical forms of accountability, regulation, inspection and performance management'.

One of the reasons for such tension is the fact that programme outputs which demand optimisation of specific outputs do not allow adjustment for local conditions, much less adjustment to allow greater integration with other programme objectives. We see two versions of this in most cases. On the one hand the programme managers seek to 'cream' the best clients to go into activities which have strong measures of output. For example, the public housing agency chooses the best possible tenants for the limited number of places available because vacancy rates and the cost of re-letting all count against local performance indicators.

This makes it difficult for other programmes with targets for say, employment or gender mainstreaming, getting their client groups into appropriate housing. The other common perversion apart from 'creaming' is a short-term focus where outputs need to be found quickly so managers stop investing in longer term results. As Mandell points out in her chapter, the 'key is that collaborative efforts, to be effective, will require a long time frame'.

Partnerships seek to resolve these problems but the cases show that they often struggle to do so because of two internal problems – lack of performance indicators that reflect local issues and lack of partnership capacity among managers. If managers do not have performance measures that reward collaboration they cannot justify time, resources and the inevitable opportunity costs of partnership work. A typical result is that middle managers lack commitment to partnerships that may have general support from ministers and senior policy bureaucrats.

The capacity issue is more complex because it concerns the mandate, skill set and disposition of managers who have been used to working only in hierarchical agencies. The mandate problem is partly addressed by the performance measurement issue already discussed. To empower officials to act within partnerships means to accept that they will use greater discretion. This in turn can open the door to failure.

However, as Giguère (Chapter 3) points out, 'government is cramped by having to behave in an exemplary manner'. This means that partnership boards must find open and transparent instruments to underwrite their own accountability, including published protocols for decision-making, rules for managing conflicts of interest and full public reporting of activities and decisions.

But public agencies are not the only actors with capacity challenges. As Reid shows in his discussion of New Zealand reforms, 'building partnerships with voluntary sector agencies is hampered by a lack of capacity on the part of the NGO sector'. One could say the same about firms and local entrepreneurs,

most of whom lack experience in working in the complex environment of government funding programmes and multi-sector negotiations. As partnership work spreads to more and more aspects of policy delivery it will be necessary for new boards and committees to receive the appropriate induction and training to allow them to work in these new contexts.

Capacity issues are also involved in the organisation of partnerships themselves. In some of our cases there was clear evidence that basic administrative assistance through government funding was critical to the establishment phase of the partnership. But there is also evidence that partnerships become effective when they develop their own capacity to leverage finance from partners and others to multiple the effects available to any one funding source. Here again there is scope for partnerships to publicise their achievements and highlight the increased impact that can be achieved in this way.

Closing the theory gap

In the opening chapter we argued for a different theory of policy design to account for the extra benefits achieved by partnerships, benefits that cannot be identified solely by policy-evaluation models based on measures of programme efficiency. The governance achievements of partnerships relate to new needs that do not fit established channels and traditional forms of departmentalism.

In Chapter 1 we described this attribute as adjustment of policy to meet local conditions and opportunities. At the most obvious level this adjustment can take the form of re-ordering the priorities of one programme to make sure its resources support a broader goal. This could lead to a reduction in the effectiveness of that single programme but a better result for the integrated objective of the partnership.

The shift in approach to theorising effectiveness is therefore to focus upon changes in economic and social needs in regions needing to restructure, rather than upon programme efficiency at broader national levels. The institutional question that must be answered is how to reconcile locally identified needs and priorities with broader national frameworks for representation, budgeting and accountability.

Burroni describes this as a movement from 'older models of hierarchical co-ordination to experimental new forms'. In the Italian case this has not only produced new governance arrangements with a local focus, but it has changed important aspects of national policymaking. For example, he shows that in the example of policies to support economic development 'the new policies have a territorial dimension: they are not addressed to firms but to places and local systems'.

This territorial logic is not simply a desire to cultivate better local contributions to agreed outcomes. Partnerships in this context are instruments

which reflect a new kind of policy designed to improve the foundation conditions upon which individual actors will build their strategies for prosperity. Grabher (1993) describes this as the 'embedded firm' in a social context of certain shared territorial assets.

Until recently the theory of local development was uniformly pessimistic about the chances of altering these foundation conditions. Douglass North and his followers famously describe this pessimism as path dependence. Putnam's study of Italian regions turns out to show that capacity to prosper is established over several hundred years and is afterwards quite unlikely to alter much. The matrix of institutional mechanisms at play in any local system create a 'lock-in' effect in which even the obviously inefficient rules and practices get reinforced because they have an easy 'fit' with other local conditions.

For example, laws governing land use by farmers make some local forms of agriculture seem more productive than alternatives. Local training agencies support this underperformance by supplying a labour force with these attributes. Social institutions and traditions formed around these occupations and products also generate familial, religious and other cultural rules to support them. Pierson (2004) also shows how the political cycle lends itself to this matrix effect. For example, politicians consider policies in relation to short-run costs and benefits and calculate likely success in the light of how many sunk-costs there will be in reorganising structures before achieving new outputs.

The role of partnerships in this institutional matrix is clearly complex. In cases such as those quoted by Geddes, Considine and Hart, Limerick and Yeatman, and Mandell there is a strong tendency for central bureaucracies to impose traditional methods and central programme requirements upon local actors. Those cases which show the real potential to achieve local governance have some common attributes: a high level of partner buy-in, significant community engagement and real adjustment of national programmes to local conditions. It is in exactly this area that we see the opportunity for partnerships to achieve path-breaking change, although most of our cases are still too early in their evolution to show definitive evidence for this.

Giguère, Mandell, Skelcher, De Rynck, Klijn and Voets provide criteria by which participants and evaluators might distinguish the conditions necessary to get to these more exciting outcomes. They include a capacity to build partnering work over time, increase skills and understanding among partners and other stakeholders, achieve flexible performance assessment criteria for programme managers, and build a bridge between partnership accountability and more traditional forms of representative democracy.

These results allow us to be confident of the future of partnerships but allow for the likelihood that they will evolve into a number of different types of collaboration. Some will undoubtedly rise and fall as instruments of co-ordination among bureaucracies seeking only to improve existing

programme performance. Others will evolve a genuine form of local governance among key institutions. Of this group some will remain focused upon current programme concerns, local projects and relatively proscribed outputs. A further number within this group will develop strong forms of local ownership such that real path-breaking change can be attempted through adjusting and refocusing resources on new needs and on the foundation conditions which increase shared sources of prosperity.

The latter case is a promising avenue for societies that are striving to find effective ways to deal with the challenges of globalisation. It leads to a new way of thinking about government policy: not only is government one actor among others, but public policy is one tool among others. The emergence of path-breaking partnerships may lead to a more entrepreneurial approach to policy implementation, where programmes and services are locally picked and used as part of a mix of instruments available at various administrative levels and by various stakeholders from the public, private and civil society sectors. Public programmes will therefore be implemented (or not) in different areas, to various degrees of intensity, and possibly combined with other instruments, as a function of expected outcomes defined locally.

This volume shows that for this to become a standard way to work out the future of our communities, a number of adjustments will need to be made in policy and governance frameworks as well as in local capacities. We can speed up this process by closing the theory gap, and demonstrating that such aspirations are all feasible. It is our hope that this book will have contributed to making some progress along this path.

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