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Community Co-Governance: Local Strategic Partnerships in the UK
CIRIEC. Transversal working group - Regimes of Governance and the general
interest in welfare services and health.

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Introduction

In the UK almost all municipalities now have a local strategic partnership for addressing issues of deprivation and social exclusion in neighbourhoods. About 88 of these have access to Neighbourhood Renewal Funds (NRF), providing £1.875 billion over the period 2001-2006. These Local Strategic Partnerships (LSPs) are non-statutory, multi-agency bodies that aim to coordinate activities in order to improve services economically, environmentally and socially, and regenerate deprived communities. They bring together at a local level, players from the public, private, community and voluntary sectors.

These local partners work with the municipality through a LSP, and take many of the major decisions about priorities and funding for their municipal area. A significant part of this scheme is that residents living in the most deprived neighbourhoods, who want to improve their quality of community life, can be involved in the local planning and decision-making processes.

This approach fits within the Blair Government policy: active citizenship, where the New Labour policy of the Third Way attempts to combine the benefits of efficient market style operation with the development of active citizenship and community.

The UK has pursued a partnership approach to governance in many areas of public services. However this has been combined with a vigorous marketisation of these services, and a deregulation that allows private entrants into this market.

This study explores a partnership model of governance, but one with strong dimensions of competitive governance. The paper begins by exploring the governance context: one where the state's boundaries are more blurred and linked with diverse players in the local civil society – thus representing a pluralistic model of the state and a mixed economy of service provision. In the next section, the paper draws on these literatures (partnership and pluralistic models of the state) to critically analyse the structure of governance in a specific UK structure for community co-governance: Local Strategic Partnerships, looking in particular at one case study in a London municipality. The study is concerned with how systems of governance provide for the general or public interest and it explores notions of efficiency, equity and accountability – looking in particular at the balance of power in this system, between socially excluded community stakeholders, services providers (non-profit, state, private) and the municipality. It is also interested in role of the social economy in combating social exclusion, including the extent to which “incorporation” of socially excluded can be said to be taking place. Finally the paper concludes with a discussion of the issues related to this form of governance. The study draws on secondary sources of data, but will complement these with interviews with LSP participants in a few areas.

1. Context: Mixed Economy of Service Provision

In the UK privatisation has developed to a much higher degree than in many other European countries. This means that for an increasing range of services, there is a

mixed economy of service deliverers – private, public and third sector/social economy. The role of the state is split between procurer of these services through contracts and service provider for some services. This process developed during the Thatcher years, and there is now a degree of reassessment of the process of privatisation and the form it takes - in particular the nature of contracts between public purchasers and the private or not profit supply of those services. The contracting out of local government services began with manual services such as refuse collection and cleaning and moved progressively into white collar services. Its impact in terms of cost reduction shows an average of about 20% cost savings; however although some of this cost reduction was undoubtedly due to improved management and a de-bureaucratisation of badly managed services, a large proportion of the costs saved were due to cuts in pay and conditions; for example in the privatisation of London buses, 80% of the savings were achieved through a 14% cut in bus drivers wages (and there have been a number of changes to the employment conditions of bus drivers which have also resulted in cost savings).

A reassessment of public sector purchasing quasi markets is due to the following reasons:

- a) A recognition that contracting out can go too far and that enterprises need to be aware of what their core competencies are and preserve sufficient internal capacity to serve those core activities.
- b) There has been almost an idealisation of private sector operation, and the model of the highly competitive firm operating in very aggressive markets is a dominating image; in practice in many sectors enterprises have slightly different kind of market relations (in many cases more trusting and co-operative).
- c) There is an increasing recognition that trust and co-operation are important for markets to operate effectively.
- d) The highly competitive type of market relations with tightly specified contracts ("hard contracting") can involve very time-consuming and detailed negotiations. Very high administrative and transaction costs result due both to the negotiation and the monitoring of service levels. This can also lead to increased levels of conflict between the different parties in the marketised relationship.
- e) It is increasingly recognised by economists that institutional factors play a very important role in the effective operation of markets. Certain kinds of institutions can enhance self regulation; trade associations, training bodies, and technical standards authorities can help create a framework of rules that actually enhances the operation of the market and the potential for co-operative relations which have low transaction costs. This leads to the view that informal relations (reproducing social norms) based on reputation, trust and reciprocity can be more important than the formal legal contracting aspects of a market relation. Thus if "relational contracting" is efficient in the private sector, then perhaps the adversarial conflict based contractual model imposed on the public sector is not the most appropriate, and can lead to substantial inefficiencies. So soft/relational contracting models may be more appropriate in public sector contracting.

Thus it is increasingly recognised that highly competitive "hard contracting" is not appropriate for many types of purchaser/supplier relationships. Instead there is a move towards *service level agreements* where a higher degree of co-operation for service delivery exists. There is also a move towards a principle of "*contestability*" of

contracts (this is the principle that contracts may be contested, renegotiated or cancelled if providers fall down on the level of service delivered). This type of "soft" contracting (also known as "relational contracting") is more relevant to operations where the type of work and type of service is more difficult to define and the quality is more difficult to monitor; in those contexts it is better to develop a more co-operative trusting relationship between the different partners. Adversarial and highly competitive structures damage both the level of service ultimately achieved and the relationship between partners - thereby increasing the transaction costs, reducing the overall level of efficiency, and increasing the need for greater regulation.

1.1 New Directions for Welfare Contracting

One of the outcomes of this analysis is that soft and hard contracting have different relevances to types of goods and services traded. Clearly defined goods and services may be traded in the highly competitive adversarial way associated with hard contracting. In this case the contract may be clearly specified because the nature of the good or service is more tangible and its quality more easily monitored.

In such cases it is more likely that competition on price will not lead to degradation of quality and any market segmentation on the basis of quality will be relatively easy to develop (given support from the dominant purchaser).

Whereas in the case of less tangible goods and services which are more discretionary, and quality is less easily defined, soft contracting (relational) is more appropriate since it allows quality and specificity of service levels to be determined through a more trusting, co-operative trading relationship.

A similar argument applies to services provided by social enterprises where values are an important component of the service (for example values associated with user participation will lead to a greater specificity of services to user requirements, with a greater range of services). In such a context hard contracting would inevitably result in a reduction in the range, to minimum levels of service consistent with the contract; whereas a soft contracting approach would result in a greater variation about a mean service level.

A hard contracting approach would tend to lead to high levels of competition primarily on price (this can be seen in many competitive tendering arrangements); while a soft contracting approach allows a multi-factored approach to the market relations. Such an approach (soft contracting) will favour a variety of service providers, and allow innovation that is not purely for cost advantage (or efficiency gains).

Institutional theory (Powell and DiMaggio, 1991) would indicate a tendency towards isomorphism of managerial practices under conditions of hard contracting. The construction (and regulation) of a quasi-market with highly competitive adversarial relations by the major purchaser (the state) forces the internalisation of (or institutionalises) a highly competitive reality best suited to aggressive capitalist organisations.

This would lead to a tendency for firms to adopt similar practices, and more diverse enterprises would tend to follow the more dominant practices; thus in practice the more common conventional capitalist enterprise would tend to reinforce a highly competitive market reality; and the social enterprises would tend to reduce their difference and become more like their dominant competitors. On the other hand soft contracting would allow greater diversity to be more acceptable, both in terms of

values implicit in a service and in terms of variations in the quality of service. (see table)

Hard contracting	Tangible specifiable goods/services	Adversarial competitive market relations
Soft contracting	Intangible goods/services	Varied quality, and value based services

There are clear policy implications here about appropriate forms of contracting relation for encouraging diversity of service (including value based services).

1.2 Advent of New Public Management and the Third Way

During the 1990s the advent of a reforming philosophy called New Public Management – NPM – has led on the one hand to a reinforcement of some of these contracting tendencies, but also to an elaboration of business management approaches in public services. The doctrine of NPM can be considered as (Hood 1991):

- focus on hands-on and entrepreneurial management rather than bureaucratic forms
- explicit standards and measures of performance
- emphasis on output controls
- disaggregation and decentralisation of public services
- competition in the provision of public services
- private sector styles of management
- discipline and parsimony in resource allocation.

However with the advent of the Blair Government (New Labour) we have seen some attempts to develop the idea of a Third Way which combines the benefits of efficient market style operation with an attempt to develop active citizenship and community. Newman (2001) argues that there are competing models of governance which co-exist, some more dominant in some public service subsectors than others. She identifies 4 governance models:

Self-governance (partnership with active citizens)

Hierarchy (bureaucratic, standardisation, accountability)

Open systems (network system of interaction)

Rational Goal (managerialist, targets, measures)

I would add the *market system* of governance (or more precisely quasi-market).

This framework elaborates the markets, networks and hierarchies approach, by refining the conceptualisation of how hierarchy operates (hierarchy and rational goal system), together with refining the network concept (self-governance and open systems) – and these operate in a quasi-market context.

She argues that New Labour has been trying to shift the balance between some of these models. Whilst inheriting the Rational Goal model (embodying much of NPM),

it values this as a force for reform, it has sought to move towards the open systems and self-governance models – emphasising decentralisation, partnership, capacity building, public/community participation, and democratic renewal. But that the picture now is complex with a market system for contracting, together with structures of community/citizen/partnership governance that guide and regulate the system.

This rich approach encapsulates the diversity and ambiguities that operate in governance systems, where as Martin (2002) argues “the result is a combination of multiple drivers of change and paradoxical “operating codes” which reflect both the politics of the modernizing agenda and our current lack of understanding about which approaches will prove most effective in enabling performance improvement in the public sector.”

1.3 Approach adopted in this paper

As Enjolras (2003) argues: a regime of governance may be characterized by three dimensions:

- type of the actors involved,
- type of policy instruments used for the implementation of the policy,
- type of institutional coordination used for policy making.

In this study we examine the nature of the governance system operating in the Local Strategic Partnerships in the UK. This system of community co-co governance involves actors at the local level: state, private sector and third sector; in addition since central government is playing a key role in promoting this new governance system they are included as relevant actors. The types of instruments used for implementing this policy include resources, targets and measurement systems, as well as central policy directives on the governance framework to be adopted. But the framework of Newman allows us to further refine the analysis by drawing on her 4 systems of governance (self-governance, hierarchy, open systems, and rational goal) which, she argues, can co-exist to varying degrees. Thus elements of each can be seen in this governance arrangement, especially hierarchy, rational goals, and self-governance). This system of governance operates in a context of (quasi) market coordination of service provision which the community co-governance overlays and seeks to make more coherently interlinked (or “joined-up” in New Labour language).

2. Local Strategic Partnerships in the UK

2.1 Precursors to Local Strategic Partnerships: New Commitment to Regeneration

New Commitment to Regeneration (NCR) was a series of pilot schemes to improve community regeneration through strategic partnership. The experience indicated that NCR were effective in developing a higher profile for regeneration, and they facilitated the development of joint strategies and joint working. However they also pointed to some difficulties in achieving this: in effect it required new thinking and new ways of working from partner organisations to operate at the strategic level. This new system also challenged conventional government structures demanding modifications to programmes and budgets; and requiring flexibilities to tailor national policies to local circumstances.

The new partnership system took time to develop trust amongst partners, in order to develop a sense of ownership. It needed support from a staff team to strengthen

partnerships and cross-sectoral networks. It required good management practices (roles, responsibilities, systems) to ensure effective delivery of outcomes. And the experience raised issues of measuring the impact and value added on the one hand and issues of accountability to local communities on the other.

2.2 Local Strategic Partnerships – Characteristics ¹

Most (175) LSPs cover a single local authority area; 13 cover an administrative county, 4 cover an entire geographical county, while 5 cover two or more local authorities. The majority of LSPs are voluntary partnerships with no formal legal status, or have not yet decided their legal status. Only 6 are companies limited by guarantee. In terms of membership, most LSPs distinguish between 'core' and 'non-core' members. The mean number of core members is 20 (including 5 from the local authority, 6 from other public bodies, 2 from the private sector and 4 from the voluntary and community sector), while the mean number of total members is 66, with an average staff team of 5 for NRF funded LSPs, and just under 2 people for the others. LSPs have a cash budget for administration or programmes. Partnerships eligible for NRF, in addition to their NRF funds also have access to funds from other sources – on average over £100,000.

Membership of almost all LSPs includes public sector organisations, such as the police/police authority and the health sector (usually the primary care trust). Further and higher education institutions and Learning and Skills Councils are also well represented. Beyond this, membership is very varied with the Employment Service, Benefits Agency or Jobcentre Plus represented in about 60% of LSPs, as is the regional Government Office. In just under half of the LSPs 'other partnerships' are included amongst their membership (these were public or predominantly public sector). All these organisations and partnerships however, apart from the health sector and police, are represented much less frequently amongst core members.

Membership representation of the private sector is most commonly from the Chamber of Commerce or another business umbrella group; individual businesses, transport operators and other predominantly private sector partnerships are also represented in some LSPs.

Representation amongst the community and voluntary sectors is very varied. These sectors are most often represented by one or more umbrella groups, less frequently by individual voluntary or community sector organisations. But this may reflect the fact that such organisations were included under other more specific categories. Other membership includes communities of interest (for instance children's and young people's groups, faith organisations, environmental groups and BME representative organisations). Registered Social Landlords (such as housing associations) are also frequently included.

¹ This section draws extensively on 2 surveys of LSPs in 367 local authority areas; both surveys had high response rates; one was conducted in 2002 (LGC Warwick, 2003), and one conducted in 2004 (Office of Public Management et al. 2005.)

Total Membership of LSPs	% of LSPs with this category of member
Local authority	
LA councillor	99.0%
LA officer	93.4%
Other public sector	
PCT/Health Authority/NHS	100.0%
Police	99.3%
Job Centre	72.8%
Higher/Further Education	84.6%
Government Office	70.8%
Regional Development Agency	47.9%
Connexions (support for young people)	65.2%
Learning and Skill Council	80.3%
Fire Service	62.6%
Transport authority	37.7%
Countryside Agency	33.1%
Culture/sport/leisure agencies	57.7%
MP/MEPs	22.0%
Other public	44.9%
Private sector	
Chamber of Commerce	77.4%
Other business umbrella group	61.6%
Transport operators	37.5%
Individual businesses	63.0%
Other private sector	18.7%
Voluntary and community sector	
Voluntary sector umbrella group	89.8%
Voluntary sector organisation/individuals	79.0%
Community Network	55.1%
Housing Association/RSL	65.6%
Faith organisations/individuals	70.5%
Residents groups/individuals	49.2%
Black/Minority Ethnic groups	56.1%
Area/neighbourhood forums/partnerships	50.2%
Other voluntary and community sector	27.2%
Other	20.5%

Almost all LSPs have formal links with other, issue-based, partnerships: In total the 178 LSPs responding to this question identified links with 980 sub partnerships, an average of between 5 and 6 each.

In 2001/2 most LSPs were establishing themselves, consolidating membership and developing partnership structures; working towards accreditation has also been a focus of activity for NRF partnerships. They also face challenges of fitting in with

regional and national policies and integrating their actions with other relevant activities – in many ways their integrating approach ought to replace some other partnerships², but this doesn't appear to be happening generally.

2.3 LSP Activities and Outcomes

Bearing in mind that this community co-governance system is relatively recent and is still being established, its activities have been focused on developing the partnership and establishing its core activities (OPDM, 2005). The following were considered very important by over 80% of LSPs:

- Consolidating and reviewing membership
- Engagement with communities and excluded groups
- Consolidating and developing partnership structures and processes
- Developing and agreeing shared objectives
- Developing, delivering and reviewing the Community Strategy

It is also interesting to examine the extent to which the LSPs adopt performance management systems, which fit well with the system of governance through which central government exerts its influence. By 2004, two thirds of LSPs had adopted performance management systems . This was particularly pronounced in the better funded NRF LSPs where almost all had them, compared to less than 50% of non-NRF LSPs. And almost half of LSPs use performance indicators to manage performance or monitor progress, with an additional 27% are progressing towards their use.

2.4 The Role of the Social Economy

Social economy organisations are well represented within LSPs (see table in Section 2.2). There is not any data on whether their role is as service providers or as “voices” of different groups in the voluntary and community sector (VCS). However given considerable concerns in the VCS about whether their role as service providers in a contracting regime squeezing out their advocacy role, their presence in this governance structure as a matter of government policy does go some way to safeguarding the advocacy role. In addition this form of governance does allow them to be in dialogue with the body responsible for allocating NRF funds, thus it has the potential of bringing together the two VCS roles: service providers and advocacy. However set against this are some concerns (ODPM, 2005).

Diversity: The evidence(ODPM, 2005) from the LSP experience, indicates considerable diversity – both in terms of the nature of the VCS in particular neighbourhoods, and in the pattern of representation within LSPs. And while one would not expect there to be one best model, and given the specificity of different neighbourhoods leads to the idea of “local fit” (Lowndes and Sullivan, 2004). However it is clear that some tricky issues are being negotiated as each LSP is constructed in what is essentially a top-down initiative where there are substantial differences in power and capacities of the different partners. The issues are: representation/accountability, and engagement/participation.

Representation and accountability:

² New Labour's emphasis on “partnerships” has resulted in their proliferation, with over 5500 at the local level, spending approx. £4.3bn p.a. (Sullivan and Skelcher, 2002).

Regarding representation within the LSP, the voluntary sector is seen as different to the community sector; in addition BME (black and ethnic minority) and Faith groups are seen as different; but clearly these are possibly overlapping categories which can lead to over/under-representation. There are also differences between these organisations in the roles they may play in a community: particularly as service providers or advocates (or both).

In terms of accountability, there are differences in the way “representatives” link with their own organisations and the wider community. To what extent can they carry decisions back in their own organisation, and what are the processes for wider accountability to the community, particularly in very diverse and disadvantaged communities where the practicalities of governance limit the number of VCS representatives. While there are attempts to address many of these issues in different LSPs, it is not clear the most appropriate solutions are developed - in a context where the risks of sectarianism and clientelism are well-known (Deakin, 2002).

Engagement and Participation

There is a well-known ladder of participation (Arnstein, 1969), which leads from information communication, through consultation, to engagement, and then delegated responsibilities. Different considerations apply to engaging the VCS and to wider community involvement. A number of factors seem to influence how effectively this can be developed (OPDM, 2005). These include: the scope allowed for the VCS by other partners; a perceived close alignment between the municipality and the LSP leading to a perceived dominance of councillors and officers; and capacity issues.

The latter issue is recognised and specifically addressed by many LSPs. But the overall picture remains: “Time and resources are constraining factors on the sector’s involvement, but so also are factors associated with the culture of partnership working and uncertainty both within the sector and amongst partners about the role of the VCS within LSPs.” (OPDM, 2005). This capacity issue is exacerbated by competing demands on VCS time e.g. from other government initiatives.

Nonetheless their effectiveness is significant, given these constraints: “Across LSPs, 65% of respondents thought that the voluntary sector had made a good contribution (bringing relevant skills and experience) whereas only 47% thought this of the community sector” (OPDM, 2005). The figures for the other categories of partners were: business (41%), Local Authority councillors (57%), LA officers (87%), Public Sector partners (78%). However a survey by Urban Forum (an umbrella body for community and voluntary groups) found that more than 80% of community and voluntary groups involved with their Local Strategic Partnership (LSP) rate their level of influence on its Neighbourhood Renewal Strategy ‘poor’ to ‘satisfactory’. (ref. http://www.urbanforum.org.uk/lsp/lsp_articla_rupa_1.html - no details on response rate).

Issues of dominance of one or other partner or asymmetries of power are ever-present, but as Deakin, (2002), argues may not be as evident as one might expect due to other pressures and sources of power. For example the new governance system brings new sources of power: VCS can claim some legitimacy (vs LA councillors) about who speaks for the local community, given that there has been something of a legitimacy crisis with conventional local government democracy. However it seems unlikely that real changes of power will not be contested (similarly for the biggest power holder, central government, to the extent it delegates its powers).

Nonetheless, in a context of legitimacy crisis of traditional governance structures, and where the rhetoric of participation has been frequently devalued, developing a “culture of partnership working” which embraces the VCS and beyond to citizen participation, is an espoused feature of this form of governance and crucial to its success.

3. Local Strategic Partnership Case Study: Hackney LSP³

Hackney is a municipal council in inner city East London. It has a population of 198,793⁴ of the most ethnically diverse and socially deprived people in the UK. As one of the poorest municipalities in the UK, it has deep-seated problems of deprivation, and social exclusion. Thus it provides an interesting case study of how the most severe problems of social exclusion are being addressed. The LSP has received £50 million in Neighbourhood Renewal Fund over five years; the second highest total in London. Hackney has developed a regeneration and neighbourhood renewal strategy, based on a vision for Hackney up to the year 2020. This was based on an agreement between the LSP and the municipality. Its framework for action is:

- **Strategic Intervention.** concentrated in the areas of education, jobs, housing, and the environment for achieving the greatest impact upon regeneration and social exclusion.
- **Public Service Improvements and National Targets.** - setting annual local targets against the national targets⁵ in the areas of education, jobs, housing, environment, crime and health.
- **Priority Neighbourhoods.** Based on a mapping of deprivation indices across the municipality.

Within this framework there is a division of responsibilities between the municipality, the service providers, and the LSP:

The Municipality will focus its mainstream resources and service activities to the aims and priorities of the regeneration and neighbourhood renewal strategy - reviewing its performance and planning proper use of capital and revenue resources.

Provider Partnerships: the municipality needs the commitment and collaboration of partners providing services, thus community safety for example is tackled in partnership with the police, and unemployment is being addressed in partnership with the employment service and other agencies.

The **Hackney LSP** advises the work of the municipal council and other partners. Its functions are:

- setting the priorities and targets for the Neighbourhood Renewal Strategy.

³ This section draws extensively on official (web) documents from Hackney municipal council: see: http://www.hackney.org/main/hsp2/about_the_hsp.htm.

⁴ mid 1999 ONS population estimates

⁵ Note that since 2000, targets have been complemented by “floor” targets, i.e. minimum levels – these are particularly relevant to more disadvantaged communities. This means that averages can no longer hide large discrepancies in performance.

- agreeing a Neighbourhood Renewal Strategy, (NRS).
- setting targets related neighbourhood partnerships to address.
- recommending Neighbourhood Renewal Fund (NRF) allocations
- monitoring the achievement of the NRS and NRF expenditure.
- communicating progress on the NRS.

The board of Hackney Strategic Partnership (the LSP) consists of 45–50 Members; it meets quarterly; and it is the decision making body of the LSP; it is also the “custodian” of the Vision and the Neighbourhood Renewal Strategy. There is also a **Steering Group** (subsequently replaced by a **Partnership Board**) of 14 members is drawn largely from those public agencies that need to bend their mainstream resources to ensure that the Neighbourhood Renewal Strategy and Community Plans are delivered. This group is in effect the Management Committee of the LSP, dealing with the management of programmes and channelling issues, reporting progress and being accountable for agreed actions to the Local Strategic Partnership Forum.

Some social economy players are members of the board, as well as being service providers and members of other associated partnerships.

The development of the vision and strategy for the LSP involves several stages:

Phase 1 Developing the Vision

Phase 2 Consulting on the Vision and Developing the Targets

Phase 3 Developing the Action Plan

Phase 4 Consulting on the Action Plan

Phase 5 Launch and Implementation of Action Plan

And there are extensive processes of consultation with the community, including in the early phase of visioning:

- Focus Groups with cross section of people from local organisations
- Focus Groups with local school children
- Advert in Hackney Today asking everyone to write in with their ideas
- Regeneration Event at the Round Chapel. 1000 people/organisations invited. 300 attended and participated.
- Radio Programmes - phone in on Sound Radio
- Consultation with targeted groups e.g. tenants, homeless, Turkish, African.

3.1 The Hackney LSP Strategy- jointly agreed and approved by the Municipality

The vision for Hackney is:

“Our vision for Hackney in the year 2020 is for a borough where everyone considers themselves to be a stakeholder. Levels of unemployment, poor health, poor housing and homelessness will have dramatically reduced. Young people, ethnic minorities, single parents and people with a disability will be stakeholders in thriving communities. People will not talk about social exclusion in relation to Hackney.”

The aims of the strategy are:

- to tackle social exclusion and deprivation and
- to build a more stable community where the gap between the richest and poorest in the borough diminishes (rather than widens).

And as noted above, it is a multi-faceted approach, with priority areas for action in 4 key service areas: education, housing, employment and the environment (the latter includes environmental attractiveness, crime, health, public spaces, and leisure activities); as well as targeting several priority neighbourhoods based on a mapping of various indices of the most severely deprived areas.

The strategy is broken down into short and medium term objectives and actions, with targets related to the Governments national targets on social exclusion (community regeneration). The partners responsible for the actions are also specified.

Although in general, the strategy does not specify service providers, the LSP has some discretion over service providers, and the social economy is specifically mentioned in the following aspects of the strategy:

Employment: Develop support for community enterprise, financially supporting the start-up of at least 2 new community enterprises each year (Objective 2, Priority 4 Partnership).

Housing: various activities in partnership with housing associations.

Nothing is specified for the **Education** or Environment areas. But several actions for targeting the most excluded areas specifically mention the social economy, such as for Clapton area: “10 eyesore site improved through Intermediate Labour Market.” And: “30 community & voluntary organisations delivering new small scale projects and services.”

In addition the partners for delivering service improvements include a substantial social economy presence, being specified as: LBH, Met. Police, PCT, Groundwork, Railtrack/WAGN, Housing Associations, Clapton Community Housing Trust, landowners, Renaisi, developers, local Community and Voluntary sector.

However there is also a general ethos of greater citizen/community involvement, for example: by establishing representative park user groups as part of a strategy to increase involvement of communities in the design and maintenance of parks and open spaces. Though such actions may not be through social economy structures.

An example of the actions, measures and targets for work/unemployment/skills follows. Note the use of targets relative to national and regional levels, the use of floor targets and specific local targets.

Hackney Employment and Enterprise (measures and targets)

Vision
By the year 2020, Hackney will have a workforce that is highly skilled and well placed to take advantage of new work opportunities. Hackney will have led East London into a new era of technological and cultural entrepreneurship. We will be an international centre of artistic and technological innovation, with the advantage of being next to the international financial services giant of the City of London. The creativity and vitality of the area, together with the increasing strength of our ethnic minority and other local business sectors, will ensure business competitiveness. Hackney will be a place where businesses choose to locate and expand. We will have strong international business links and dramatically reduced levels of unemployment.
Barriers

Hackney has the highest unemployment rates in London – with registered rates currently more than double the Greater London average. The jobless rate on some estates is over 35 % and it is even higher for the young unemployed and the ethnic minorities, particularly young black men aged between 18 -24.

Low education attainment

Inequality in the labour market - e.g. discrimination and stigmatisation of certain estates/postcodes

Lack of work experience and training linked to job opportunities

Lack of affordable childcare facilities which inhibits some women returning to work or training

Benefits system which discourages some people from working

Lack of basic skills (literacy, numeracy and English language problems) and up-to-date skills - which prevents local people from competing in the job market.

Relatively low numbers of growth businesses

Business expansion and inward investment is hampered by lack of poor quality sites and premises

Threat of continued conversion of commercial premises into residential use

Pressure on employment land and buildings for other (higher value) uses

Poor quality environments deterring investment

Lack of access to financial services

Solutions		
Objective	Short Term Actions (by April 2002)	Medium Term Actions (by April 2006)
<p>1. Increase employment rates to narrow the gap between levels of unemployment in Hackney and the national and regional rate.</p> <p>(PSA redraft)</p>	<p>Work in partnership with our employment agencies and business to address all the priorities identified in the Hackney Employment Action Plan particularly improving basic skills; raising skills, employability and qualification levels; increasing childcare facilities; improving work experience and training linked to job opportunities.</p> <p>Key schemes will include:</p> <p>Intermediate Labour and Local Labour Agreement schemes</p> <p>a range of regeneration programmes (SRB & NRF, European) funded job linked to job programmes</p> <p>New Deal, Employment Service, LSC work-based and job placement programmes</p> <p>Childcare linked to work and job training programmes</p> <p>Adult education and Lifelong learning programmes.</p> <p>ConneXion service programmes</p>	<p>Intensification of work based, skills and lifelong learning programmes in order to get more people into jobs.</p> <p>Intensification of inward investment and job creation measures including using Council planning agreements for developers to provide/create job and training opportunities for local people from developments arising from land, key sites and other local assets.</p>
<p>2. Increase the employment rates of disabled people, lone parents, ethnic minorities and over 55's and narrow the gap between these rates and the overall rate (PSA)</p>	<p>Targets by 2003 – including establishment of monitoring arrangements to identify % disabled people, lone parents, ethnic minorities and over 55's:</p> <p>12,000 people into jobs</p> <p>20,000 in job related training</p> <p>13,000 will achieve NVQ2 or above as a result of Further Education training and training.</p> <p>6,000 people accessing childcare in order to take up work or employment training.</p> <p>300 employers successfully recruiting from a pool of unemployed residents in Hackney</p> <p>unemployment levels within 2% of Inner London average</p> <p>Reduction of adults with no basic skill (target to be set)</p>	<p>Targets by 2005</p> <p>Increase of all 2003 targets by 10%</p> <p>Average income within x% the Inner London average (target to be set)</p>

<p>3. Generate more sustainable enterprise in disadvantaged communities (PSA) Making Hackney a place where businesses (particularly those in the creative, IT, ethnic minority and financial sectors) choose to locate, thrive and employ local people</p>	<p>An improved, better co-ordinated business support service especially for micro and ethnic minority businesses (Steering Group on Business Support)</p> <p>An agreed strategy for business support which is driven by, and meets the needs of, local businesses (SGBS)</p> <p>Programmes developed, to target business services at people from ethnic minorities (SGBS)</p> <p>Ensure that local businesses can expand and new businesses can re-locate in Hackney by:-</p> <p>Preserving 150,000 sq ft of floorspace for commercial use (LBH Regulatory Services/Invest in Hackney)</p> <p>advising on re-location and development packages (Invest in Hackney)</p> <p>One-stop shop for local purchasing established, to enable large businesses to source locally, so expanding the markets available to small and medium sized enterprises across East London (East London Partnership)</p> <p>Develop support for community enterprise, financially supporting the start-up of at least 2 new community enterprises each year (Objective 2, Priority 4 Partnership)</p>	<p>Take-up of business support services by people from ethnic minorities matches that by Hackney population as a whole</p> <p>Encourage business expansion and relocation, by maintaining 1,000,000 sq ft of floor space in Hackney for commercial</p> <p>There will be 100 (net) new enterprises in Hackney which are growing and have an annual turnover of £1m or more.</p> <p>Local purchasing agency facilitates £10m worth of sales by local suppliers</p>
<p>4. Improve the economic performance of all regions measured by the trend growth in each regions GDP per capita</p>	<p>Target to be identified</p>	<p>Target to be identified</p>

A review of Hackney LSP in 2003 indicated the following:

- Initial findings indicated that there were strong views on the HSP and the roles of the partners within it. It also suggested that there was work to be done in certain areas to make improvements and to meet the expectation of the HSP partners.
- Areas requiring more work included increased cross-theme working, greater focus and targeting of NRF spending and a greater need for the incorporation of the Mayor's priorities into the workings of the HSP.
- There was also concern expressed about falling attendance and the need for increased communication between partners and within the structures of the partners constituent organisations.
- Issues have also been raised about the representation of all Hackney's communities and the need for wider equality and diversity issues to be addressed.

Conclusions: Evaluating this governance system

We continue by examining this governance system in more detail in terms of classic governance issues:

The extent to which it safeguards the general interest

The impacts in terms of efficiency, equity, and accountability

The main central government priority areas are: Education. Employment. Health. Crime. Whilst for LSPs it is broader: education, housing, employment and the environment (the latter includes environmental attractiveness, crime, health, public spaces, and leisure activities).

Another challenge is knowing how well the strategy is doing – again although targets and measures are prolific, an information system for gathering the data and processing it for decision-making is not standardised.

LSP Models - It is reported (ODPM, 2004a) that there are concerns about the relation between LSPs and elected representatives in municipalities (who might feel excluded or feel the LSP to be a threat to the democratic process). Elected officers saw LSPs as strengthening the consultation process, and a route to building support for initiatives affecting the whole area; but they were afraid of losing power to the LSP, and would be unhappy to see a shift of power to the LSPs.

In terms of accountability there are issues of representativeness which remain unresolved, with suggestions that a voting system may be required. And there are issues of inequalities of power within the LSP, which need to be recognised and managed through the governance procedures (ODPM 2004a). However issues of inequality are also dealt with by through the use of measures of deprivation (such as Indicator of Multiple Deprivation 2000) to determine the worst areas that are most needing of assistance. However there seems relatively little analysis of underlying causes of what lies behind the different measures. (OPDM 2004c).

Mainstreaming- one of the aims of LSPs is to refocus resources from partner organisations, pool budgets, develop joint programmes, etc so that more effective integrated services can be provided. The barriers to achieving this appear to be associated with organisational cultures and individuals rather than central government restrictions on budgets. Progress has been slow so far, but it is still early days. (ODPM 2004b).

In broad terms as Johnson and Osborne (2003) argue: LSPs could

“struggle to be able to achieve their twin espoused goals of the more effective *co-ordination* of local services, and their *co-governance* with the local community. A number of paradoxical processes are in play here. LSPs look likely to return a measure of governance over local regeneration policy to the pre-existing local organizational actors. However, this will be mediated by the ability of central government to establish national priorities that will take precedence over these. Moreover, while the political rhetoric of community governance may concern the replacement of representative democracy by participatory democracy, the reality may be rather more prosaic—the harnessing of community resources both to achieve the priorities of central government, and to provide a local check on the power of local government. Furthermore, as Britain moves into the next election period, political pressures may increase on New Labour to deliver better services and meet their own

targets. This is also likely to drive the focus further onto the service priorities and away from the process related aspirations of co-governance.”

The level of involvement of the social economy is rather low in terms of specified providers in the LSP strategy, but this is also because in general service providers are not generally mentioned. Their involvement in the process of the LSP is more apparent. But the main ethos of the LSP framework is to involve local people in strategic process – though it is not always clear firstly that there are clear models of how to do this (for consultation, or participation in d-m, or involvement in implementation), and secondly that the outcomes are better services. Determining who should be involved and participate is also contentious – in most municipalities there are established figures “representing the community”, but in any pluralistic community the selection of representatives will be contentious, and may not be accountable to most excluded groups. Thus generally lines of accountability are not well specified, and processes for linking back with and reporting to the community are not well specified.

As a form of governance this system emphasises the partnership/network form in its rhetoric, but in reality this system is used more for consultative and participative processes. Much of the power for contracting still rests in the hands of the bureaucracy in the municipality. The system is also marked by a very strong emphasis on targets and measures (most informed by central Government policy).

In terms of Newman’s perspective on governance, we see the co-existence of several types: self-governance (partnership with active citizens) is seen in the operation of the LSP especially in determining priorities, involving community members and service providers. This also operates in an open systems mode (network system of interaction) linking with other partnerships and players. However cutting across this is the municipal hierarchy (bureaucratic, standardisation, accountability) retaining considerable power, and resisting giving it up; whilst Central Government retains its share of power through a rational goal system (managerialist, targets, measures) that dominates the setting of goals process within the LSP. The market continues to operate between the municipal hierarchy and service providers, but the LSP helps determine better services.

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