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Policy Innovation in a Fragmented and Complex Multilevel Governance Context: Worklessness and the City Strategy in Great Britain

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GREEN A. E. and ORTON M. Policy innovation in a fragmented and complex multilevel governance context: worklessness and the City Strategy in Great Britain, Regional Studies. This paper examines whether innovative policy development within fragmented and complex multilevel governance frameworks provides a paradox in that fragmentation and complexity justify, enable, and even require the launch of initiatives to deliver ‘joined-up thinking’, but at the same time place inherent constraints on what can be achieved. A new empirical insight is provided through research into the City Strategy initiative in Great Britain, which aims to tackle local concentrations of worklessness by promoting innovation within a framework of institutional complexity. It is argued that structural reform to provide institutional coherence may be a prerequisite of successful sub-national policy development.

City Strategy Innovation Labour market Worklessness Partnership working Sub-national governance

GREEN A. E. et ORTON M. Apporter des innovations à la politique dans le contexte d’une gouvernance fragmentée et complexe à plusieurs niveaux: le chômage et la City Strategy en Grande-Bretagne, Regional Studies. Cet article cherche à examiner si, oui ou on, apporter des innovations à la politique dans le contexte d’une gouvernance fragmentée et complexe à plusieurs niveaux fournit un paradoxe dans la mesure où la fragmentation et la complexité justifient, facilitent et même exigent la mise au point d’initiatives afin de mener à bien des ‘politiques cohérentes’, mais imposer à la fois des contraintes inhérentes à ce que l’on pourrait réaliser. A partir de la recherche sur l’initiative menée en Grande-Bretagne, à savoir la City Strategy, qui cherche à aborder le problème des bassins de chômage en encourageant l’innovation dans un contexte de complexité institutionnelle, on fournit un nouvel aperçu. On affirme que la réforme structurelle destinée à fournir une cohérence institutionnelle pourrait s’avérer une condition préalable du développement réussi de la politique sous-nationale.

City Strategy Innovation Marché du travail Chômage Partenariat Gouvernance sous-nationale


City Strategy Innovation Arbeitsmarkt Arbeitslosigkeit Partnerschaftliche Arbeit Regierungsführung auf subnationaler Ebene
INTRODUCTION

This paper seeks to engage with debates about multi-level, and primarily sub-national, governance. In particular, it explores whether the pursuit of innovative policy development within fragmented and complex institutional frameworks provides a fundamental paradox in that fragmentation and complexity justify, enable, and even require the launch of initiatives to deliver innovation and ‘joined-up thinking’, but at the same time place inherent constraints on what can be achieved. Complexity and fragmentation are recurring themes in discussions of multilevel governance (recent examples include Pike and Tomaney, 2009; and Harrison, 2008). At its broadest, this relates to debates about the rescaling of the state (for example, Jessop, 2000; Brenner, 2004; Amin, 2004; and Lobao et al., 2009). More specifically, in this journal, Pike (2007) – drawing on the work of Macleod and Jones (2007), Morgan (2007), Pike and Tomaney (2004), and Rodriguez-Pose and Gill, (2005) – has described emergent kinds of networked and partnership governance involving multiple actors, processes, and new geographies of devolution and multilayering amongst the institutions of government and governance, which creates a ‘more fluid and complex backdrop’ for considering sub-national governance and policy development (Pike, 2007, p. 1145). Allen and Cochrane (2007) similarly point to the ‘complex spatiality of contemporary governance structures’ (p. 1163) and ‘the emergence of a more diffuse and fragmented form of governance’ (p. 1172). In addition, they note the development of a ‘more flexible spatial vocabulary’ that speaks about regionalization and the re-scaling of the state, but in reality with no particular scale currently having primacy. There are some suggestions that city-regions may provide the basis for a new territorial political fix, but with ‘fuzzy’ boundaries and through the building of ‘coalitions for change’ rather than the creation of new institutions and structural reform (Harding et al., 2006, p. 37, cited in Allen and Cochrane, 2007).

In seeking to examine policy innovation (by which is meant the promotion of new ideas and ways of tackling entrenched problems) within a general context of complexity, fragmentation, and fluidity, this paper focuses on one particular policy domain – employment, and more specifically employability and worklessness. Since the 1990s, employability, meaning emphasis on the supply side of the labour market equation that seeks to enhance the employability of workless individuals, has been central to debates about social and labour market policies both at national level and in strategies advocated by supranational bodies ranging from the European Union Employment Strategy to the United Nations recommendations on youth unemployment (Lindsay and Serrano Pascual, 2009). Sub-national governance arrangements as a context for employability and labour market policy is a subject of relevance across Europe and beyond (Lindsay and Serrano Pascual, 2009; Finn, 2000, 2008). For example, Lindsay and Serrano Pascual (2009) note that there has been a shift in employability policy towards more local and regional forms of governance and delivery in welfare states as diverse as Belgium, Denmark, and the United Kingdom, and similar trends towards decentralized governance and more locally responsive services have been noted in many other welfare states. They argue that the sort of holistic policy solutions they and others (Struyven and van Hemel, 2009; Lindsay and Mailand, 2009; Nativel et al., 2002) call for (for example, responsive to the aspirations of specific jobseeker groups, able to respond to the dynamics of local and regional labour markets, and credible with employers) are more likely to emerge where flexible, dynamic systems of local and regional governance are in place. But while such governance arrangements can provide benefits such as more integrated and coordinated partnerships, increased commitment among key stakeholders and more effective services, case studies of changing governance arrangements also highlight problems around a lack of institutional capacity and control, difficulties joining up different local policy agendas, and inadequate coordination between different spatial levels (Lindsay and Serrano Pascual, 2009).
Worklessness and the City Strategy in Great Britain

With regard to the interest of this paper in Great Britain, North et al. (2009) have examined the governance challenges involved in integrating and coordinating spatially targeted responses to worklessness. They examined six case studies of innovatory practice for different governance arrangements, and involving partnership working between several organizations representing different levels of governance as well as involving cooperative working between government and non-government organizations. The case studies demonstrated some ability to operate effectively within current governance arrangements, but constraints were also apparent including the ‘sheer complexity of provision and the barriers that arise from agencies pursuing their own interests and policy objectives’ (North et al., 2009, p. 1032), with initiatives ‘hampered by a fragmented and often unaccountable governance system’ (p. 1037), so leading the authors to call for greater clarity over the roles and responsibilities of different agencies across different spatial levels and the need to empower sub-national and local bodies to provide local flexibility and sensitivity.

It is clear, therefore, that tensions and ambiguities are apparent. The persistence of local concentrations of entrenched worklessness, even amidst the economic prosperity of the decade before the downturn of 2008/2009, has led to recognition of the need for action at sub-national level and for new ideas and policy innovation. But the complexity and fragmentation of sub-national governance means there is no coherent institutional framework through which policy innovation can be developed. North et al.’s (2009) contentions regarding the sheer complexity of provision, the barriers that arise from agencies pursuing their own interests, and initiatives being hampered by a fragmented governance system raise a number of questions. Is the fragmentation of sub-national governance such that any initiative to promote policy innovation will be undermined relatively quickly? Does the fragmentation of local and regional governance render effective public policy innovation impossible? Hence, the fundamental paradox addressed in this paper, that is, whether sub-national governance fragmentation and complexity justify, enable, and even require the launch of initiatives to deliver innovation and ‘joined-up thinking’, but at the same time place inherent constraints on what can be achieved.

Given the above, the contribution of this paper is in providing a new empirical insight through research into an initiative in Great Britain designed to address the very issue of orchestrating and promoting policy innovation within a framework of institutional complexity. The initiative is the ‘City Strategy’. The overarching concern of the City Strategy is with tackling local concentrations of worklessness. The initiative was introduced by the Department for Work and Pensions (DWP), the central government department responsible for employment and welfare in Great Britain. The City Strategy is based on the premise that tackling entrenched local concentrations of worklessness needs action at sub-national level requiring both the involvement of multiple agencies and policy innovation across policy domains. The initiative was launched in 2007 in fifteen Pathfinder areas throughout Great Britain, and is based on the premise of giving local stakeholders the freedom to innovate and the flexibility to work together behind shared priorities (Hasluck et al., 2007; Green et al., 2010).

The City Strategy raises a number of possible empirical approaches. Lindsay et al. (2008), in relation to local employment schemes, have used Lødemel’s (2001) notion of ‘centralized-localism’ to explain how a policy approach that seeks to access the benefits of engaging organizations in the delivery of local services, but imposes a centrally managed, rigid contractual regime, in fact constrains the ability of organizations to be innovative. A similar argument could be made in relation to the City Strategy, and the extent of real room for manoeuvre available to local actors within the initiative has been questioned (Green and Orton, 2009). Crignton et al. (2009) have used the City Strategy to investigate tensions in UK welfare-to-work policy between competition and cooperation in delivering employment services, and between centralization and localization of policy. While these are all important points, the focus of this paper is different in giving primacy to policy innovation within governance complexity and fragmentation.

The paper is organized in three parts. The first part examines in more detail institutional complexity, as relevant to the Great Britain. This includes consideration of a theme alluded to above: ‘partnership working’. Partnership working is one means of managing institutional fragmentation. Different models of partnership working are discussed and a distinction is drawn between a synergy/inter-organizational model and a transformation/systemic coordination model. The former allows organizations to act together and coordinate resources and capabilities – this alludes to the avoidance of duplication and the promotion of ‘joined-up’ thinking; while the latter provides a more transformative approach with self-governing networks emerging and changes of cultures and objectives by agencies, so providing the basis for more substantive policy innovation. These models of partnership working provide the framework for analysis of findings from the empirical investigation, which forms the second part of the paper. Here, the background to the City Strategy initiative and its inception are discussed. To examine in detail issues around governance and policy innovation, empirical evidence is presented relating to the early development of the City Strategy initiative in one Pathfinder: Birmingham, Coventry and the Black Country, in the West Midlands region. In so doing, it addresses the question of whether it has been possible to move from project-based activity to more
wide-ranging system change. The third part of the paper concludes, highlighting how the complexity of the institutional framework of sub-national governance serves to limit innovative public action in practice.

THE INSTITUTIONAL FRAMEWORK
OF SUB-NATIONAL GOVERNANCE:
COMPLEXITY AND FRAGMENTATION

The institutional context

General themes regarding complexity and fragmentation were posited above, so the purpose of this section is to provide relevant detail regarding Great Britain. To begin with the local level, during the 1980s, local government faced a prolonged war of attrition from above with severe financial pressures caused by tight budgets imposed by central government (Cochrane, 1993, p. 2). Local government was stripped of responsibilities ranging from the provision of new public housing to the management of further education colleges. The intermediate institutions of the local state were much reduced and supplanted particularly by non-elected boards and agencies (Clarke and Newman, 1997) leading to a fragmentation of local government (Clarke and Newman, 1997; Cochrane, 1993).

Since 1997, considerable attention has been given to a broad modernizing local government agenda (for example, Rao, 2000), but there is little evidence of a renewal of local authority powers in practice. For example, in 2007 a review of local government announced no new powers (Lyons, 2007). Local councils on average raise only one-quarter of their own revenue, largely being reliant on central government grants. What has been emphasized in recent years is the role of councils in place shaping; that is, that councils remain important as a focus of local governance arrangements but within a more complex and fragmented system. However, it is salient to note here that local government has been given greater powers in economic development (HM Treasury, 2007; Newman, 2008). Moreover, in the context of recession, in 2009 central government recognized the key role of local authorities in tackling workplacelessness and highlighted the need for local government to ensure that local partnership services and funded provision are integrated with mainstream employment and skills services to best meet local needs (Haughton et al., 2009; Communities and Local Government and Department for Work and Pensions, 2009).

Also of relevance are public bodies created as part of an embryonic development of regional government in England. By the end of the 1980s it was becoming clear that in fields such as urban regeneration a wide range of government initiatives were being implemented by different government departments and local agencies, but without any real coordination, thereby leading to duplication of effort and wasted resources (Mawson and Spencer, 1997). The outcome was that in 1994 the government established Government Offices for each of ten English regions with the aim to integrate the activities of central government departments in the regions (Tomaney, 2002). In 1998/1999, Regional Development Agencies (RDAs) were created in each of the regions, with the primary aim of developing a regional economic strategy. This was followed by the establishment of representative (but non-elected) regional assemblies. It seemed that the regional agenda was developing a clear trajectory, but this has not proved to be the case. In 2004, a referendum was held in one region, the North East, to determine whether to create an elected regional assembly. However, the proposal to create a regional assembly was decisively rejected by electors. Since then, the regional agenda has lost momentum. In 2007, the government decided to abolish regional assemblies completely (from 2010), but RDAs remained in place and had a role in the regional skills agenda and new industrial policy, alongside driving forward integration of regional economic and spatial strategies.

The outcome is an institutional framework of sub-national governance characterized by a multiplicity of organizations and a high degree of complexity (Pike and Tomaney, 2009), and this applies to the field of interest in this paper, that is, employment policy. As noted above, overall responsibility for employment policy rests with the national Department for Work and Pensions (DWP), part of central government. The DWP was created in 2001 when central government departments responsible for employment and social security were merged. At an operational level, previously separate social security and public employment offices were merged over a period from 2002–2006 into Jobcentre Plus offices. Jobcentre Plus operates on a district basis, but under the control of DWP. Jobcentre Plus, therefore, implements national policy, rather than developing policy at a sub-national level (even when many nationally determined policies are first piloted, or tested, at a local level). Jobcentre Plus is thus a key agency, but a wide range of other agencies at sub-national level also have a strong interest in the same field. This includes RDAs, local authorities, organizations responsible for skills, education and training development, and so on. One recent analysis identified eleven different categories of agencies with an interest in employment, ranging from Jobcentre Plus to health organizations and voluntary sector bodies (Crighton et al., 2009). Each organization, however, has its own role, responsibilities, targets, and performance indicators, none of which is necessarily aligned.

Two further points can be made regarding complexity. First, is ambiguity about the appropriate spatial scale for policy action. As already noted, local government remains shorn of powers held up to the 1980s and the regional agenda has stalled. There is, however, increasing interest in city-regions and the sub-regional level. While the city-region has a long history in location

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theory and geographical analysis, it is a relatively new concept in terms of British governance, but is clearly developing in importance in the promotion of economic growth (HM Treasury, 2006; for a more general discussion, see Neuman and Hull, 2009). Two statutory City Regions (Greater Manchester and Leeds) were established in spring 2009.

Second, is the temporal dimension that links with the theme of fluidity noted above. A clear feature of the institutional framework is that of organizational change. This can be illustrated by discussion of an organization that will be referred to below in the presentation of the empirical investigation: the Learning and Skills Council (LSC). The LSC was a non-departmental public body that began work in 2001. It was responsible for planning and funding education and training in England, other than universities. The LSC’s annual budget for 2006–2007 was £10.4 billion. The LSC had local arms and developed a regional structure, but its priorities and objectives remain determined by central government. The LSC’s role had in fact developed from previous institutional forms, originally the Manpower Services Commission and then Training and Enterprise Councils. In April 2010, the LSC was abolished, with its responsibilities transferred to two new agencies: the Young People’s Learning Agency, charged with helping local authorities work coherently together in providing for fourteen to nineteen year olds; and the Skills Funding Agency (SFA) to administer funding for colleges and training organizations.

Managing institutional complexity

One attempt at managing this institutional complexity is, in England, through Local (and Multi) Area Agreements. Local Area Agreements (LAAs) (HM Treasury, 2007) are becoming critical to the relationship between central and local government, and between agencies at sub-national level. Local authorities already had a statutory duty to prepare a Sustainable Community Strategy which sets out the strategic vision for an area. Now they are required, in consultation with local partners, to prepare a delivery plan for the strategy, known as an LAA. This sets out a single set of priorities for local partners across different policy domains, including tackling worklessness. Local authorities and other partners are subject to a duty to cooperate in agreeing their priorities and in having regard to the LAA targets. In addition, LAAs can be developed into Multi-Area Agreements (MAAs) covering neighbouring local authority areas (HM Treasury, 2007). In the first instance, MAAs are voluntary, but with the government setting a clear framework for them: their focus must be on economic development and they set out agreed priorities between sub-regions and central government bodies.

However, LAAs and MAAs in many ways illustrate the fluidity of governance arrangements rather than a comprehensive solution to complexity and fragmentation. A less formal, but far more widespread approach, has been that of partnership working.

Partnership working

Given the discussion of complexity and fragmentation, it is perhaps unsurprising that partnership working has become a central feature of British social welfare policy (Powell and Dowling, 2006); with a key feature in practice being strong central direction of policy by national government combined with policy delivery through partnership mechanism at the local level (Geddes, 1997). Yet, in reviewing the literature, Powell and Dowling (2006) note that despite the great enthusiasm for partnerships, and their very extensive use across different policy domains and spatial levels, there is surprisingly little analysis comparing theoretical models with forms of partnership that are actually adopted. Powell and Dowling (2006) examined partnerships in the health sector and, drawing on the work of Mackintosh (1992) and Hastings (1996), applied three theoretical models: the ‘synergy model’, based on the simple premise that organizations can achieve more by acting together rather than separately; the (potentially linked) ‘budget enlargement’ model in which the problem is mainly one of inadequate resources, and partners can gain more leverage by acting together; and the less used ‘transformation model’ where organizations or agencies have divergent foci and priorities initially, and which emphasizes a change of cultures and objectives by agencies. With regard to the specific field of employment policy, Lindsay et al. (2008) argue that Stoker’s (1998) broad definition of (again) three forms of partnership is of most relevance. These are: principal–agent relations (including purchaser–provider relationships) favoured under the contracting-out of public services; inter-organizational negotiation (the coordination of resources and capabilities, for example through multi-agency delivery partnerships); and systemic coordination (embedded multi-agency governance based on a shared vision and institutionalized joint working to the extent that self-governing networks emerge).

There are clearly overlaps between these models of partnership working, but for the purposes of this paper a simple binary distinction can be drawn between a synergy/inter-organizational model and a transformation/systemic coordination model. The synergy/inter-organizational model allows organizations to act together and coordinate resources and capabilities. It relates to themes of avoiding duplication and promoting ‘joined-up’ thinking. A transformation/ systemic coordination model provides a more transformative approach with self-governing networks emerging and changes of cultures and objectives by agencies. This offers the basis for moving beyond coordination to provide the basis for more substantive
policy innovation. These two models of partnership working form the basis for analysis of findings from the empirical investigation of the City Strategy initiative, to which the discussion now turns.

THE CITY STRATEGY INITIATIVE

Introduction

There is already a small body of literature regarding the City Strategy. Considerable detail is contained in research reports evaluating the initiative (for example, HASLUCK et al., 2007; and GREEN et al., 2009, 2010), and a helpful overview is provided by CRIGHTON et al. (2009). As noted above, broader issues raised by the City Strategy have also been examined. For example, CRIGHTON et al. (2009) have used investigation of the City Strategy to illuminate central–local tensions. The same theme, although using the rather particular theoretical underpinning of Sen’s capability approach (1993), has been examined by GREEN and ORTON (2009).

Discussion here is, therefore, restricted to highlighting some key points. The City Strategy initiative was first outlined in a government welfare reform Green Paper (DEPARTMENT FOR WORK AND PENSIONS, 2006). The initiative’s stated aim, which highlights themes both of innovation and governance, is:

to tackle worklessness in our most disadvantaged communities across the UK. […] The strategy is based on the idea that local partners can deliver more if they combine and align their efforts behind shared priorities, and are given more freedom to try out new ideas and to tailor services in response to local need. […] The strategy will test: how best to combine the work of government agencies, local government and the private and voluntary sectors in a concerted local partnership (consortium).


Local consortia were invited to submit Expressions of Interest to the DWP and in July 2006 fifteen City Strategy Pathfinders (CSPs) were announced. The City Strategy formally commenced in 2007, and, following a two-year extension, will run through to 2011.

The fifteen CSPs vary greatly in size: some encompass several local authority districts at a city-region or sub-regional level, while others are focused on a single local authority district (albeit many of them large cities), and one covers a small town within a single local authority area. The partnership structure and governance arrangements of the CSPs differ, but in all cases the CSP Boards and wider partnerships include relevant local authorities, Jobcentre Plus and the regional LSC (in England). Typically, other partners include RDAs, local colleges, employer representatives, and representatives of the community and voluntary sector. In some instances, CSP partners were themselves partnership organizations. In general, partnerships are dominated and led by the public sector, but this is not universally the case. Importantly, governance arrangements have evolved over time, in part to reflect operational requirements as CSP activity has developed, but also because of ongoing changes in the institutional landscape.

In order to explore themes of policy innovation and governance within the City Strategy in more detail, findings will now be presented from research examining the implementation of the City Strategy in one of the largest sub-regional Pathfinders: Birmingham, Coventry and the Black Country.

The Birmingham, Coventry and the Black Country Pathfinder

The Birmingham, Coventry and the Black Country Pathfinder is one of the largest of the fifteen CSPs. At the time of writing, it was led by the LSC (which was referred to above) with other key partners being Jobcentre Plus and the eight local authorities within the Pathfinder area. In effect, it creates a new sub-regional spatial entity around the urban core of the West Midlands region. The empirical investigation drawn upon here included analysis of documentary evidence, but in particular draws on in-depth qualitative interviews conducted with eighteen local actors from a range of different organizations involved in the City Strategy. Local actors included some very senior figures and they were given assurance that they would be anonymized. Citing their organization could make them identifiable to other members of the City Strategy consortium; therefore, interviewees are identified solely by a number. Interviews were conducted in late 2008.

Governance issues and the management of institutional complexity within the Birmingham, Coventry and the Black Country Pathfinder are addressed through a highly detailed and formalized business plan. Indeed, a very considerable part of the Business Plan was devoted to how the City Strategy would coordinate with existing programmes and partnerships. The business plan (BIRMINGHAM, COVENTRY AND BLACK COUNTRY CITY REGION, 2007) provided for the creation of four Employment and Skills Boards, each covering another spatial division of the Pathfinder area, and being private sector led with representation from key employers and sector representatives as well as key agencies. The business plan then set out a series of tiers that would support the Employment and Skills Boards:

- Employment and Skills Executive Group to provide strategic direction;
- City Strategy Management Group to be responsible for the operational management of the City Strategy initiative.
- City Strategy Core Team to be responsible for day-to-day coordination, management, implementation, and delivery of the City Strategy and including specific City Strategy Officers and secondees from the LSC, Jobcentre Plus, and local authorities.
• Local Management Groups to be established in target areas and consisting of a broader range of agencies operating at local level.
• Neighbourhood Groups to be established at the neighbourhood level to support City Strategy activity, and having strong third-sector involvement including local community organizations, providers engaged in employment support, local regeneration projects, area-based initiatives, and local service providers, for example, general practitioners, addiction services, etc.

In terms of operationalizing the governance arrangements, interviewees were largely agreed that implementation had been successful. For example, the Core Team responsible for day-to-day management is in place and the key partner organizations referred to above have remained involved. Interviewees pointed to a number of successes, for example at a strategic level all partners agreeing at the commencement of the Pathfinder's work to a model of provision to be made available to workless people, based on the development of an integrated employment and skills system, providing extensive support for individuals including support for progression once in work.

A further example of success was the development of Neighbourhood Employment and Skills Plans (NESP). While the Pathfinder represents a new sub-regional spatial entity, the actual focus for action is on a specific subset of fifty-five deprived neighbourhoods (that is, wards) with the highest levels of entrenched worklessness. For each of these fifty-five wards, an NESP was produced by partners. These NESP provided a micro-level analysis of worklessness and a plan of action to support people into employment. The first step was compiling a detailed profile of the neighbourhood, and worklessness within it. Information was provided by different partners and consultation was undertaken with local neighbourhood groups in order to gain a common understanding of key issues. Mapping exercises sought to identify current provision and then identify gaps that need to be addressed. Within each of these fifty-five wards, an NESP was produced by partners. These NESP provided a micro-level analysis of worklessness and a plan of action to support people into employment. The first step was compiling a detailed profile of the neighbourhood, and worklessness within it. Information was provided by different partners and consultation was undertaken with local neighbourhood groups in order to gain a common understanding of key issues. Mapping exercises sought to identify current provision and then identify gaps that need to be addressed. Within each NESP the second step was then the development of an action plan. Interviewees were very positive about NESP, seeing them as representing a tangible, successful outcome of partnership working (for further details, see Green and Orton, 2009).

The development of NESP accorded very much with a synergy/inter-organizational model of partnership working. Partners are acting together and coordinating resources and capabilities. But what of policy innovation?

Policy innovation

In the light of the above, interviewees were asked to identify innovative action. The Pathfinder had available to it 'seed corn' funding of around £10 million to use as it wished (this is a relatively small sum by comparison with mainstream funding). This seed-corn funding was distributed to each of the local authorities in the Pathfinder area and procurement of specific services was contracted at the local authority level. Interviewees cited a number of examples of potentially innovative projects. In the early stages of the City Strategy, particular emphasis was placed on reaching those workless individuals most distant from the labour market. One local authority undertook some small-scale 'door knocking', meaning staff called at the homes of workless people and sought to engage them in moving towards employment. There was also a mixed approach using combinations of door knocking and/or letters. Response rates were low, but it was reported that individuals who did respond showed a strong commitment and remained engaged. A second example was working with employers to identify vacancies, and then provide specific training to enable workless individuals to apply for those jobs. In one case, an employer requiring car mechanics offered jobs to nine out of eleven candidates who had been through the local authority programme. Another example was a project where a local authority is working with a housing provider to use a programme of refurbishment of vacant properties to use apprentices to carry out the work, thereby providing on-the-job training and experience.

While the above gives a flavour of the kind of activities being undertaken, it is arguable that there is little that is different to existing, and even long-standing, approaches. Indeed, in the mapping exercises undertaken in producing NESP, current provision already includes all the kinds of action referred to above (albeit some partners might not have been aware of such activities).

However, at the margin, there were some examples of enhanced partnership working and development of greater flexibilities in the context of City Strategy than had previously been the case. For example, in Solihull (one of the eight local authorities covered by the Pathfinder), a private-sector provider of welfare-to-work and associated services won the contract to engage workless people for delivery of employability services additional flexibilities with the LSC (as contract manager). Initially, the eligibility for the client engagement services that were procured were based on age, location (resident in one of the four target wards suffering severe labour market deprivation in the north of the local authority area), and benefit status (unemployed or economically inactive and in receipt of benefit for twelve months). This last clause was particularly difficult for some clients to satisfy. In some cases, there were clients who had been out of work for twelve months or longer, but could not demonstrate this by way of twelve continuous months on benefit (for example, because of choosing not to register for benefit at the outset, spending some time in custody, moving between locations, chaotic lifestyles, etc.). Flexibilities were negotiated in order to help some individuals who were technically ineligible for help, but were considered to be deserving of support in the spirit of the funding of services. Importantly,
additional flexibilities were not designed to make it easier for the contractor to achieve their targets (though arguably this may have been a consequence), but rather was related to the circumstances of the individual workless people themselves. Hence, this particular example represents a small-scale, but not insignificant, process innovation that is unlikely to have occurred without City Strategy.

Generally, however, asking interviewees about innovative action in fact proved contentious. Some interviewees did not think that the City Strategy had developed any new projects, either because there were no new ‘real’ resources beyond the seed-corn funding, or there were no projects that they would directly attribute to the City Strategy. This also led to a view that there had been a failure to develop innovative new approaches. As one interviewee said:

I think we’ve really lost an opportunity. When you talk to partners it seems like every project works. Well, if every project works why are there still so many workless people? We really didn’t take the chance to look very carefully at what works and build projects that develop that.

(Local Actor 16)

But a point made by a number of interviewees was that the City Strategy should not be seen as a ‘project’ or ‘programme’ of work, but as a ‘process’. In this sense, the key focus of the City Strategy is very strongly on a theme of aligning service provision and ensuring greater efficiency. NESPs were seen positively, for the opportunity they provided and the potential for aligning provision, rather than for delivering innovation. Likewise, as indicated above, the Solihull example of flexibilities in contracting may be seen as an example of enhanced partnership working and small-scale, as opposed to large-scale, process innovation.

This adheres to the view of the City Strategy as a synergy/inter-organizational model of partnership working. However, some evidence of greater innovation and the potential for a transformation/systemic coordination model was provided through the notion of ‘system change’. This notion was put forward by an interviewee who argued that the City Strategy should not be thought of in terms of individual projects. The interviewee argued that:

Integrated employment and skills isn’t a programme, it’s a system change. You then need to think about how funding fits within the new framework thinking […] so it’s about how to use the funding to meet an integrated approach. It’s not about having lots of little projects, it’s about getting the funding to fit the integrated model.

(Local Actor 5)

System change

An example of an initiative undertaken under the auspices of City Strategy to achieve system change, which might potentially be seen as more significant development than the project-based activities outlined above, involved seeking to work across policy domains by linking employment with health. The initiative originated with a National Health Service (NHS) project entitled the ‘Expert Patient Programme’, whereby people who have recovered from mental health problems act as a mentor to other people with mental health problems. A pilot joint health and employment project was established in one area of Birmingham to see if long-term workless people (on either active or inactive benefits) with a long-term health problem could move into employment with appropriate support. An evaluation of the pilot project was undertaken and it was this that led the interviewee quoted above to conclude that small programmes are of limited value and what is required is ‘system change’. Therefore, rather than seeking immediately to develop the pilot project, the aim of activity in this sphere has been to develop an approach based on system change at a larger geographical scale.

The starting point was bringing together experts in employment and experts in health under a shared theme of ‘Improving Health and Increasing Employment’ in Birmingham and Solihull. As this interviewee explained:

It has been a fascinating experience. Some of the health people didn’t have a clue about employment, and vice versa [that is, employment experts did not understand health issues]. They have had to start to try to understand each others areas.

(Local Actor 5)

Again, rather than seeking to implement new projects, the emphasis has been on developing a model for action based on improving employers’ management of health in the workplace. This included the recruitment and retention of people with health problems; enhancing the role of general practitioners and other primary care staff in facilitating return to work for people with health problems; and then increasing the availability of support for people with health and employment problems, enhancing their ability to gain and remain in employment.

Seeking such an approach, however, is not necessarily easy. As the interviewee explained:

People are used to projects and silos [that is, working on issues separately]. It takes time to get the idea of system change through to people. […] People are under pressure, you’ve got to get people at senior level to buy in. […]

In other parts of the region there are small projects going on but they will start and finish, whereas this is about system change. My boss keeps asking me ‘when will I see something [tangible]’? But the first stage is putting structures in place. System change is long-term. It’s hard.

(Local Actor 5)

The interviewee developed an interesting analogy of having a role akin to a helicopter pilot: the interviewee’s role was to ‘hover’ above different silos and encourage institutions to talk to each other and make links.
DISCUSSION: INSTITUTIONAL FRAGMENTATION AND THE LIMITS OF POLICY INNOVATION

The notion of ‘from projects to systems’ is a critical one and serves as an example of innovative public action; however, ‘silo working’ hints at limits that are reached. While ‘silos’ might mean dealing with issues separately (as indicated above), it also refers to the separateness of institutions. The City Strategy initiative does not of itself lead to institutional change. Different organizations still have divergent foci and priorities. Each organization still has its own role, responsibilities, and accountabilities whether in the form of political control, targets or other pressures. The challenge, therefore, in the context of the City Strategy initiative, is for organizations to look beyond their own organizational-specific objectives to take on board how they might also contribute to partnership-wide objectives.

The problem of the fragmented institutional framework is perhaps illustrated best by reference to future resourcing of the City Strategy. Since the launch of City Strategy, central government has created a new Working Neighbourhoods Fund in England to assist local authorities in tackling worklessness in deprived areas. The Working Neighbourhoods Fund provides very significant resources for some of the eight local authorities within the Pathfinder – for example, £114 million in the case of one authority; but other local authorities within the Pathfinder are not receiving any funding at all from this source. This has created tension. For example:

We are not blessed like [other partners]. We have no mainstream resources for City Strategy use. [...] We have not got Working Neighbourhoods Fund money. It is a bone of contention.

(Local Actor 9)

But this also demonstrates how the fundamental priority for individual organizations remains their own interest, because when asked whether Working Neighbourhoods Fund resources could perhaps be shared between partners, the response was emphatically negative: ‘Not on your life! No way will [our local authority] funding be switched to other areas!’ (Local Actor 4).

Problems within the institutional framework are also highlighted in the commissioning of new projects. For example, as part of the commissioning of new projects, some local authorities submitted tenders for the City Strategy contracts. This led to ambiguity as to relationships between organizations. As this interviewee put it: ‘are the LSC talking to us as a partner or as a contract manager?’ (Local Actor 9). Another interviewee expressed the view that:

You could argue that there are now eight partnerships [one for each of the local authorities] rather than one. There is less drive from the centre [of the partnership]. Is that progress? Or is it reverting to the pre City Strategy position?

(Local Actor 7)

The implication is that partners may retreat to their own organizational/institutional/local silo.

In reflecting upon the results of the empirical investigation, what is evident is that while practical action such as the development of the Neighbourhood Employment and Skills Plans was seen positively and represents a drilling down of policy to a micro-level, whether this led to the development of new action in the form of innovative projects to tackle worklessness is less clear. The greater evidence of potential innovation is in the theme of system change. Yet, progress on this point appears limited.

One explanation for this lies in the theme of central–local tensions referred to at the start of this paper. As noted above, LINDSAY et al. (2008), in relation to other local employment schemes, have used LODEMEL’S (2001) notion of ‘centralized-localism’ to explain how a policy approach that seeks to access the benefits of engaging organizations in the delivery of local services, but imposes a centrally managed, rigid contractual regime, in fact constrains the ability of organizations to be innovative. A similar argument could be made in relation to the City Strategy, and the extent of real room for manoeuvre available to local actors within the initiative has been questioned (GREEN and ORTON, 2009). But even if local actors had greater autonomy, this would still leave a question as to how this could be operationalized within institutional complexity.

So another way of exploring the limits that are reached in seeking innovative public action relates to consideration of the fundamental institutional structure. Returning to the models of partnership working discussed above, the evidence suggests that – to use STOKER’s (1998) typology of principal-agent/purchaser-provider; inter-organizational negotiation; and systemic coordination – there is potentially evidence of all three models within the Pathfinder. Inter-organizational negotiation is clearly evident (as in the case of the flexibility in contracting example from Solihull), along with some attempt at systemic coordination. A further complication is that the principal-agent/purchaser-provider model is evident within the Pathfinder. However, a broader distinction was made above between a synergy/inter-organizational model and a transformation/systemic coordination model, with the former allowing organizations to act together and coordinate resources and capabilities; and the latter providing a more transformative approach with self-governing networks emerging and changes of cultures and objectives by agencies. Within this broader distinction, it is more evident that the Pathfinder accords with a synergy/inter-organizational model not a transformation/systemic coordination model, at least at this stage in the evolution of the partnership. Yet, to
develop innovative public action arguably requires a much stronger emphasis on transformation rather than simply synergy and negotiation. The problem in doing so has, however, been seen to be the notion of ‘silos’, rooted in the realities of the regional and sub-regional institutional framework and specific organizational concerns. The argument can therefore be made that one of the problems with the City Strategy in relation to the promotion of innovation is that despite its very positive elements, it is overlaid onto the fragmented and complex sub-national governance structure. Without change to that structure, organizations, perhaps rather predictably (or even inevitably), retreat into their own silos; their own organizational priorities and targets come first. As one of the interviewees quoted above said, there are possibly eight partnerships not one in the Birmingham, Coventry and the Black Country Pathfinder; a reflection of the institutional reality of there being eight local authorities.

CONCLUSION

This paper has sought to engage with debates about multilevel, and primarily sub-national, governance – in particular exploring whether the pursuit of innovative policy development within fragmented and complex institutional frameworks provides a fundamental paradox in that fragmentation and complexity justify, enable, and even require the launch of initiatives to deliver innovation and ‘joined up thinking’, but at the same time place inherent constraints on what can be achieved. The empirical investigation of the City Strategy initiative presented in the paper has provided some evidence of success with different sub-national organizations aligning efforts and acting together in a synergy/inter-organizational model of partnership working. But limits are reached, on the basis of the evidence over the first two years of City Strategy, when seeking to move to a transformation model with the potential for more substantive policy innovation – what has been expressed in the empirical investigation as moving from a project-based approach to more fundamental system change.

There may be a number of explanations for this state of affairs. As has been noted, the central–local policy nexus is one issue, as in relation to the specific field of employment policy the primary emphasis on supply-side initiatives with less consideration of the demand side of the labour market equation. But the empirical investigation presented here provides the basis for the argument that whether in relation to employment or other policy domains a barrier to innovation, when expressed as system change and the need for development from a synergy/inter-organizational to a transformation model, is the very institutional framework of sub-national governance. It was noted above that there are some suggestions that city-regions may provide the basis for a new territorial political fix, but with ‘fuzzy’ boundaries and through the building of ‘coalitions for change’ rather than the creation of new institutions and structural reform (HARDING et al., 2006, p. 37, cited in ALLEN and COCHRANE, 2007). But the evidence presented in this paper points to the ambiguities arising from the tension between the need for diversity and local innovation, on the one hand, and the need for structure and coherence, on the other hand. Structural reform to provide coherence may in fact be a prerequisite of successful sub-national policy innovation. Since it is the institutional framework of sub-national governance that justifies the launch of initiatives like the City Strategy, to conclude that it is that very framework which limits success is a more fundamental critique than it might initially appear.

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NOTE

1. A further complexity in understanding sub-national governance is national devolution within the context of the four nations that form the UK (the City Strategy does not include Northern Ireland and is, therefore, properly defined as applying to Great Britain not the UK as a whole). This includes the creation in 1999 of a Scottish Parliament, a National Assembly for Wales, and a Northern Irish Assembly. The Scottish Parliament has the most extensive devolved powers which have led to some significant legislative changes compared with the rest of the UK. The City Strategy Pathfinders are located throughout Great Britain, that is, in England, Scotland and Wales, but this paper primarily focuses on England. For example, the regional agenda and Local and Multi Area Agreements that are discussed apply solely to England.

REFERENCES


