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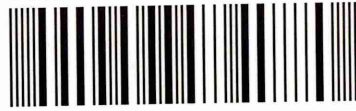
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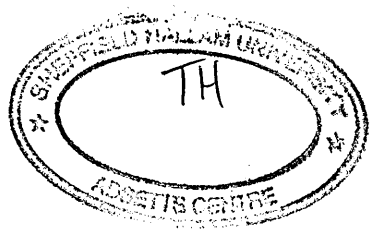
Institutional Capacity in the Context of an Objective One Region: A Case Study of South Yorkshire

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A thesis submitted in partial fulfilment of the requirements of Sheffield
Hallam University for the degree of Doctor of Philosophy

May 2003

Collaborating Organisation: MTL Consultants



Abstract

The notion that institutional capacity matters to regional economic performance has grown in recent years (Evans and Harding, 1997; Gibbs, 2001; Healey, 1997). However, little work has focused on issues surrounding the impact of institutional capacity on major (sub) regional investment programmes such as that afforded through Objective 1 designation. Research has been undertaken into the notion of 'social capital' (Putnam, 1993) and enhancing the role of local government (Osborne and Gaebler, 1992). A body of work has explored regeneration networks and partnerships (Rhodes, 1997; Skelcher et al, 1996). Less has been undertaken on developing a framework through which to define and examine institutional capacity, exploring institutional capacity across a range of stakeholders, in sub regions subject to additional funding, and through time. This thesis attempts to help fill the gap that exists in the current literature. The research proposal is designed to develop a methodology through which to define and explore the notion of institutional capacity at the sub regional level; to undertake longitudinal research through which to assess the evolving nature of capacity in the region; to examine existing theories of governance and their relevance to institutional capacity within the context of a programme such as Objective 1; to provide a theoretical explanation of institutional capacity; and to assist in the creation of a sustainable and inclusive approach towards the regeneration of South Yorkshire within the context of Objective 1. This thesis undertakes this task by the use of semi-structured interviews and case studies in exploring the development of institutional capacity in the South Yorkshire Objective 1 Programme. The thesis explores the usefulness of four theories associated with notions of Governance and Power and argues that the development of institutional capacity in the South Yorkshire Objective 1 Programme is best explained by synthesising across these approaches and formulating a new approach defined as 'Bureaucratic Multi-level Governance'.

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Institutional Capacity in the Context of an Objective 1 Region: a case study of South Yorkshire

Chapter 1: Introduction and Research Methods

1.1 Introduction

The European Union (EU) gives support to its most disadvantaged regions through the Structural Funds (SF). As part of these funds, South Yorkshire has been designated as an Objective 1(O1) programme area for the period 2000-2006. One aspect of the regeneration process, which has increased in importance in recent years, is the notion of developing institutional capacity (Gibbs et al, 2001). The South Yorkshire Forum (SYF) declares that “a step change in the region's fortunes demands a step change in the capacity of local partners to plan and deliver the programme” (2000,3). This idea is based on the premise that the successful implementation of the South Yorkshire Objective 1(SYO1) Programme will be dependent upon enhancing the capacity of stakeholders to deal with a complex set of inter-related and inter-agency issues which inevitably emerge from major investment programmes as is the case for O1. Furthermore, there is a growing view that regional economic performance is directly related to the presence of institutional capacity within a region (Evans and Harding, 1997). The argument here is that “institutions provide the basis for localised social and economic networks and contacts and that strong institutional relations may act as a prelude to regional economic success” (Raco, 1999, 951). This thinking is derived from the belief that institutional capacities are poorly developed in lagging regions and that public policy should attempt to replicate the forms of capacity found in 'successful' regions (Amin, 1999; Gibbs et al, 2001; Raco, 1999). Such thinking has developed notwithstanding criticism that institutional capacities do not exist in isolation from broader economic, political and social structures and that they may not be transferable to lagging regions (Dunford and Hudson, 1996). In contrast Amin (1999) has argued that the enhancing of institutional capacity may well, if economic development policies are constructed in a relevant manner be particularly appropriate for less favoured regions.

However within the body of literature concerning institutional capacity, little work has been conducted on how institutional capacity is defined and constructed through a time-limited programme such as O1. This chapter will begin by outlining the aims of the thesis. It will then discuss events that have changed the regional landscape in which the SYO1 Programme has been designed and will be implemented. The next section will examine the research methods used in this study. The final part of the chapter will set out the structure of the thesis.

1.2 Aims of the research

The notion that institutional capacity matters to regional economic performance has gained increasing support in recent years (Evans and Harding, 1997; Gibbs, 2001; Healey, 1997). However, little work has focused on issues surrounding the impact of institutional capacity on major (sub) regional investment programmes such as that afforded through O1 designation. Research has been undertaken into the notion of 'social capital' (Putnam, 1993) and enhancing the role of local government (Osborne and Gaebler, 1992). A body of work has explored regeneration networks and partnerships (Rhodes, 1997; Skelcher et al, 1996). Less has been undertaken on developing a framework through which to define and examine institutional capacity, exploring institutional capacity across a range of stakeholders, in sub regions subject to additional funding, and through time.

This thesis attempts to help fill the gap that exists in the current literature. The research proposal is designed to develop a methodology through which to define and explore the notion of institutional capacity at the sub regional level; to undertake longitudinal research through which to assess the evolving nature of capacity in the region; to examine existing theories of governance and their relevance to institutional capacity within the context of a programme such as O1; to provide a theoretical explanation of institutional capacity; and to assist in the creation of a sustainable and inclusive approach towards the regeneration of South Yorkshire within the context of O1. The main argument of this thesis is that none of

the existing approaches outlined in this study can on their own explain how the development of institutional capacity takes place in the context of a regeneration programme such as O1. Rather the hypothesis of this thesis is that there is a need to synthesise across these four approaches and create a new approach, which can be termed as Bureaucratic Multi-Level Governance (BMLG). This new approach we will argue offers a fuller explanation of developments, which are central to the study of institutional capacity building.

This thesis was funded by a Sheffield Hallam studentship. The funding for this studentship came from collaboration between the Centre for Regional Economic and Social Research (CRESR) and MTL Consultants (Barnsley). In the undertaking of this thesis valuable assistance was gained from this collaboration in terms of tapping into a widespread network of contacts held by the two parties. In addition CRESR and MTL embarked on an evaluation of the Business Community Partnership for South Yorkshire, which involved the author of this thesis and provided the basis for contacts for interviews for this thesis to be made. However, the thesis remains the sole work of the author and does not make use of material gathered for any other work.

1.3 Institutional Capacity and a Changing Regional Landscape

The political structures of local governance have been transformed over the last ten years with the emergence of new actors into the field taking responsibility away, or diminishing the influence of, local authorities (Stoker, 1996; Imrie and Raco, 1999). The SYO1 Programme began against the context of a rapidly changing institutional landscape at the regional level, in which it is argued, there was a move towards governance rather than government, characterised by greater emphasis on networks, partnership approaches, and institutional capacity building (Baker, 2002). This process began with the setting up of Government Office for the Regions (GOR), which were launched in April 1994. The purpose of the GOR's was to strengthen the regional institutional level, help facilitate a higher degree of political and administrative co-ordination, and to bring about a single interface between regions

and Whitehall (Mawson and Spencer, 1997). One of the roles of the GOR's was to produce and implement Single Programming Documents (SPDs) for SF programmes. However this role brought the GOR's into conflict with local authorities which were often critical of such arrangements for dispensing EU funding, as they appeared to undermine local authorities' own contribution to regional development strategies (Gibbs et al, 2001).

A report by the Performance Innovation Unit (PIU), an influential 'think tank' within the Cabinet Office, was published in February 2000 and contained a detailed analysis of the role of central government at the regional and local level within England and the relationship between government and regional/local institutions and stakeholders (Cabinet Office PIU, 2000). This report strongly criticised aspects of current arrangements, which were seen to have resulted in poor co-ordination of initiatives and policies, and to have placed insufficient emphasis on cross cutting issues and strategic outcomes. There was a need to be more sensitive to local and regional dimensions in devising new policies and greater emphasis on engaging with local and regional players (Cabinet Office PIU, 2000). Following the publication of the PIU report, an action plan (Regional Co-ordination Unit (RCU), 2000) was drawn up to be implemented by a newly cross-departmental unit, the RCU. Through this plan, four key areas were identified where a new approach to developing and implementing regional policy was apparently needed: establishing the RCU as a unified head office for the GORs; better co-ordination of area-based initiatives; making GORs the key representatives of government in the regions; and involving GORs more directly in policy making (RCU, 2000). It was argued that the result of these changes would bring little to cheer those calling for greater local accountability and ownership of the activities of the GORs (Baker, 2002). Indeed it has been suggested that the RCU can be seen as an attempt by the centre to impose retrospective co-ordination on the regions (Roberts, 2000). These changes can be said to reflect a growing interest within the UK in strategic planning and policy development at national and regional scales (Baker, 2002).

Baker (2002) argued that a move towards regionalism and enhanced regional policy-making, resulted in the emergence of new government institutions and associated institutional networks and relationships. Regional Development Agencies

(RDAs) were launched in operational form in April 1999. They have been placed at the heart of government attempts to promote economic development and the regeneration of deprived areas (Fuller et al, 2002). It has been stated that the RDAs were formulated to provide the English regions with an improved institutional capacity, thus countering their supposed 'economic deficit' (Department for the Environment, Transport and the Regions (DETR), 1997). Moreover, at the same time that RDAs were established, new better resourced institutions were also being created by other government departments which led to the setting up of alternative focuses at the sub-regional level (Burch and Gomez, 2002; Fuller et al, 2002). Indeed it is argued that the separate development of Learning and Skills Councils (LSCs) by the Department For Education and Employment (DFEE), later to become the Department for Education and Skills (DFES), and the Small Business Service (SBS) by the Department for Trade and Industry (DTI), detract substantially from a coherent regional agenda (Fuller et al, 2002). Playing a role alongside Yorkshire Forward (RDA), is the Regional Chamber, designated under the RDA Act in 1998 to be a focus for regional stakeholders and regional consultation. The Yorkshire and Humber Regional Chamber was the first in the country, and was established by the Regional Assembly in March 1998. The Assembly represents the interests of local government in the region. Both the Regional Chamber and the Regional Assembly can be seen as key partners of Yorkshire Forward and as such are considered vital to the development of new European programmes (Baker, 2002). Furthermore, it is claimed that in addition to the creation of new government institutions, which operate at the regional scale, existing organisations and agencies began to reassess their existing activities (Baker, 2002; Fuller et al, 2002). This has led to the formation of new partnerships and inter-relationships with other regional institutions, actors and stakeholders (Baker, 2002).

Further structural changes occurred following the re-election of the Labour government in June 2001. The former DETR was split into two central departments: the Department for Transport, Local Government and the Regions (DTLR) and a separate Department of Food and Rural Affairs (DEFRA), which also includes the former Ministry for Agriculture, Fisheries and Food (MAFF). The Department for Work and Pensions (DWP) was also created after the last election, taking in the former responsibilities of the Department for Social Security, Employment Service

and parts of the DFEE. In 2002, the Prime Minister opted to create a new Department for Transport with many of the other responsibilities relation to social exclusion and the regions moving to the Office for the Deputy Prime Minister (ODPM). These changes also saw the ODPM being separated from the Cabinet Office and established as a central department in its own right, with new responsibilities covering a range of cross-cutting regional and local government issues. The ODPM already contained the Social Exclusion Unit (SEU), the RCU, and the GOR's. The Office was expanded to include regional policy, local government, local government finance, planning, housing, urban policy, the Neighbourhood Renewal Unit (NRU) and the fire service. Changes were also made concerning the management of SF programmes in the UK. The DTI co-ordinates overall UK government policy on the Funds and takes the lead on many issues affecting more than one fund or more than one part of the UK. The DWP now has overall responsibility for the European Social Fund (ESF) and DEFRA leads on the European Agricultural Guarantee and Guidance Fund (EAGGF) and Financial Instrument for Fisheries Guidance (FIFG). The OPDM now has overall responsibility for the European Regional Development Fund (ERDF), operating through the GORs.

Shutt et al (2002) contend that there is a need for the SYO1 Programme to develop an approach that complements the wide array of regional strategies currently in operation. These include Local Agenda 21 Strategies, Regional Technology Plans, Tourism and Cultural Strategies, Learning and Skills Strategies and Planning Policy, Regional Planning and Guidance Plans, National Park Plans and the National Employment Action Plans (Colwell, 1999). Within the regional landscape there also exists a plethora of Area Based Initiatives (ABIs) including interventions as diverse as Health Action Zones (HAZ), Education Action Zones, Sure Start, Employment Zones, Single Regeneration Budget (SRB) and Crime Reduction Programmes (DETR, 2002).

The regional landscape was further complicated when in July 1998, the Comprehensive Spending Review, announced a New Deal for Regeneration. This 'New Deal' was also informed by the September 1998 SEU Report 'Bringing Britain Together: A National Strategy For Neighbourhood Renewal', which argued,

inter alia, that despite many years of area regeneration policies there remained at least 4000 multiply deprived neighbourhoods in England. Following on from this review and report, in a new attempt to tackle these problems, major funding initiatives were launched. The Neighbourhood Renewal Fund (NRF) aims to enable the 88 most deprived authorities, in collaboration with the Local Strategic Partnerships (LSPs), to improve services, narrowing the gap between deprived areas and the rest of England. New Deal for Communities (NDC) launched in autumn 1998 was designed to help turn around the poorest neighbourhoods (DETR, 1998). In 39 locations, across all 9 regions of England, NDC partnerships were established designed to devise and implement 10-year strategies to help reduce disadvantage in some of the most severely deprived localities. The work of the SEU has also impacted on the regeneration arena. Foley and Martin (2000) argue that the work of this unit has become increasingly influential and that the time and resources committed to it, can be seen as representing a “very considerable investment in understanding and developing new community-based approaches to the problems facing the most deprived neighbourhoods and communities”. The SEU is seen as being critical of top-down, provider led approaches with its overall strategy for regenerating poorer communities advocating much greater community involvement and ownership of regeneration initiatives than has previously been the case in UK government programmes (Foley and Martin, 2000; SEU, 1998). However, as Shutt et al (2002) note, it will not be an easy task to achieve a more coherent sub-regional strategy. Nevertheless, the development of institutional capacity will have a major bearing on the ability of stakeholders to develop a programme through which greater regional strategic coherence can be achieved within the SYO1 Programme.

1.4 Research methods.

This section sets out the research methods used in this study. Data collection revolved around two major exercises. The first involved semi-structured interviews. The second concerned the use of two case studies: Priorities 2 (P2) and 4(P4) of the South Yorkshire SPD. P2 is concerned largely with the innovation sector and P4 with the voluntary and community sectors. The SPD will be outlined in greater detail in Chapter 2. The research also adopted a longitudinal approach. The first part of this section will provide an overview of the research methods adopted in this

thesis. The next step will be to outline the methods of data collection in greater detail.

1.4.1 Overview of Research methods

The development of a framework to study institutional capacity required a methodology, which reflected the research aims and questions. The methodology was to allow for the retrieval of longitudinal data. In developing a research strategy two main paradigms are normally identified: quantitative and qualitative research. Several writers have explored the contrasts between quantitative and qualitative research (Bryman, 2001; Halfpenny, 1979; Hammersley 1992). These authors have depicted the chief contrasting features as including the following: quantitative researchers are often portrayed as being preoccupied with applying measurement procedures to social life, while qualitative researchers are seen as using words in the presentation of analyses of society. In quantitative research, the investigator is in the driving seat. The set of concerns that he or she brings to an investigation structures the research. In qualitative research, the perspective of those being studied, what they see as important and significant, provides one point of orientation. In quantitative research, researchers are uninvolved with their subjects and in some cases, may have no contact with them at all. This lack of a relationship with the subjects of an investigation can be regarded as desirable by quantitative researchers, as they may feel that their objectivity might be compromised if they become too involved with the people they study. In contrast, qualitative research seeks close involvement with the people being investigated, so that he or she can genuinely understand the world through their eyes. Quantitative researchers typically bring a set of concepts to bear on the research instruments being employed, so that theoretical work precedes the collection of data, whereas in qualitative research concepts and theoretical elaboration emerge out of data collection. Quantitative research is frequently depicted as presenting a static image of social reality with its emphasis on relationships between variables. Qualitative research is often depicted as attuned to the unfolding of events over time and to the interconnections between the actions of participants in specific social settings. Quantitative research is typically highly structured so that the investigator is able to examine the precise concepts and issues that are the focus of the study; in qualitative

research the approach is generally ‘unstructured’, so that the possibility of getting at actors’ meanings and of concepts emerging out of data is enhanced. However, Bryman (2001) notes that, while these contrasts distinguish reasonably well differences between quantitative and qualitative research, they should not be viewed as constituting hard and fast distinctions.

This thesis adopted a qualitative approach. Reasons for adopting such an approach include the argument that qualitative research allows theory and categorization to emerge out of the collection and analysis of data (Bryman, 2001). Qualitative research also allows the researcher to view events and the social world through the eyes of those being studied. The argument being here that the social world should be interpreted from the perspective of those being investigated, rather than as though those subjects are incapable of their own reflections on the social world (Lofland and Lofland, 1995). Therefore, it can be argued that this method offers the most suitable approach for eliciting views about institutional capacity.

1.4.2 Longitudinal Research

Thirty-seven semi-structured interviews were undertaken for this thesis. Ten of these were repeat interviews with the same actors to help capture the dynamism of institutional change in the sub-region. This allowed a longitudinal assessment of institutional capacity to take place. Longitudinal studies which involve more than one episode of data collection are long established in quantitative research and in ethnographic research, but have become prominent only recently in other forms of qualitative research. In both qualitative and quantitative studies, longitudinal research takes two broad forms: panel studies in which the same people are interviewed more than once, and repeat cross-sectional studies in which subsequent samples of new participants are interviewed. In using longitudinal research in this way Ritchie and Lewis (2003) argue that the aim is not to measure change. Rather it is to describe the different types of change that take place or the different outcomes that result. To account for them by showing how they arise, and to explain how and why there are differences between those being interviewed. In undertaking such an approach qualitative research allows for the broader context within which change takes place to be explored, and as such can be said to allow for the full set of factors

that participants perceive as contributing to change or outcome to be captured. The main strength of longitudinal research is its capacity to identify change and development (Wiess and Wells, 1994). This is especially important in the context of institutional capacity, which itself is likely to be subject to changes over time. Huberman and Miles (1994) contend that the fact that longitudinal data is typically collected over a sustained period makes it a powerful instrument for studying any process, as the researcher can go far beyond snapshots of what, or how many, towards how, and why, things happen as they do. In undertaking longitudinal research one of the important questions that needs to be considered is the procedure for the selection for follow up interviews. In qualitative research follow up samples can be purposively selected from the initial interview sample. This may reflect groups and characteristics, which emerge from the first stage of analysis, so that the necessary information for the selection is contained in the first round of data collection. Alternatively, it may be important to shape the follow up sample around events or experiences that have occurred since the first stage of fieldwork. In this case some form of screening would enable the researcher to best assess the nature of change that is occurring. This second approach was the one undertaken by this thesis. Repeat interviews were undertaken on the basis of availability and on issues raised in the first interview. Five repeat interviews were undertaken for each case study priority. Bryman (2001, 47) argues that one of the problems in conducting longitudinal research is that “there are few guidelines as to when is the best juncture to conduct further waves of data collection”. In the context of this study the first tranche of interviews were undertaken in the summer of 2000 and continued until the summer of 2001. Repeat interviews were conducted in August and September 2002, to allow the fullest time possible to assess how changes had occurred over time.

1.4.3 Semi-Structured Interviews

Interviews were undertaken with a range of stakeholders in the SYO1 Programme, including representatives from UK government, GOYH, Yorkshire Forward, SYO1 PMC, PMB, Programme Executive and DPs, local authorities and potential project applicants from both the business sector and voluntary and community sectors. The majority of those interviewed had an involvement in only one of the case studies.

However some interviewees did have a remit or responsibility for both P2 and P4. This is particularly true for members of the management structure interviewed. Where such individuals are quoted their interests or responsibilities in the programme are noted. Quotations are affixed with either P2 or P4 and a letter to identify the individual quoted. Repeat interviews are identified as such.

The use of semi-structured interviews is a well-known approach to the kinds of research questions being asked in this project. Semi-structured interviews are conducted within a fairly open framework that allows for focused, conversational, two-way communication (Bryman, 2001). They can be used to both give, and to receive, information. They allow interviewees to range across issues, within a pre-defined framework. Unlike the questionnaire framework where detailed questions are formulated ahead of time, semi-structured interviewing starts with more general questions and topics (Lofland and Lofland, 1995; Robson, 1993). Relevant topics were identified from the literature and are discussed in greater detail in the next section and in Chapter 3. Not all questions were designed and phrased ahead of time. As Kvale (1996) notes, a number of questions can be created during the interview in response to issues raised, allowing both the interviewer and the person being interviewed to probe for details and to discuss relevant issues. Interviews were recorded (where allowed) and transcribed, with the anonymity of the subject being guaranteed. Interviews took place with actors at all levels in the SYO1 Programme.

The benefits of using semi-structured interviews include the fact that they are less intrusive to those being interviewed (Bryman, 2001; Robson, 1993). The latter can also ask in turn questions of the interviewer. In this way semi-structured interviews can also function as an extension tool (Bryman, 2001). The use of semi-structured interviews while confirming certain issues also provides an opportunity for learning. Often the information from semi-structured interviews will not just provide answers, but reasons for answers. When individuals are interviewed and assured of anonymity, they may be more willing to discuss sensitive issues. A number of issues need to be resolved in undertaking semi-structured interviews (Bryman, 2001; Robson, 1993; Saunders et al, 1997). A considerable amount of information may surface during interviews and it is vital as a result that they stay broadly on

topic. Questions should be phrased so that the person being interviewed understands that responses will be confidential. Perhaps the most common problem is asking leading questions. It is important that questions are phrased so that the person being interviewed is not led down a particular path or can simply respond with a yes or no answer. In undertaking interviews for this thesis the researcher did not air his views. This allowed interviewees to speak freely and openly without knowing what the researcher thought.

1.4.4 Case study Approach

The second research method concerned the use of case study assessments. Such assessments proved essential in exploring the real, as opposed to perceived, capacities of different actors/agencies and the overall impact on institutional capacity in the sub-region. The thesis uses P2 and 4 of the South Yorkshire SPD, as case studies. This allowed institutional capacity to be explored in the context of two different sets of actors, both of whom have seen their role in regeneration enhanced. The term ‘case study’ has multiple meanings. It can be used to describe a unit of analysis (one example may be in the case of a particular organisation) or to describe a research method. Although there are numerous definitions, Yin (1994, 41) defines the scope of a case study as follows: “a case study is an empirical enquiry that: investigates a contemporary phenomenon within its real life context, especially when, the boundaries between phenomenon and context are not clearly evident”. According to Yin (1994) case study research can be positivist, interpretive, or critical, depending upon the underlying aims of the researcher. In turn, Robson (1993, 40) defines case study assessments as “the development of detailed, intensive knowledge about a single case, or a small number of related cases”. The case study approach has considerable ability to generate answers to the question ‘why’ as well as ‘what’ and ‘how’ (Robson, 1993: Saunders et al, 1997). Simple well-constructed case studies can challenge existing theories and also provide a source of new hypotheses (Robson, 1993). The reasons for using case studies can be viewed through three main applications. The first and perhaps most important application is to explain causal links that maybe too complex for surveys or experimental designs. In short, explanations can link programme implementation with programme effects. A second application is to describe an intervention and the real life context in which

it occurs. Third, the case study approach may be used to explore those situations in which interventions being evaluated have no clear, single set of outcomes. By choosing meaningful contrasts, the significance of different patterns for a variety of experiences can be portrayed (Robson, 1993; Yin, 1994).

As Bryman (2001) notes, such designs are not without their problems. Differences between contrasting cases may not be due exclusively to the distinguishing features of the case studies. Thus, some caution is necessary when explaining contrasts between cases in terms of differences between them. A further common concern about the case study approach is that it can provide little basis for scientific generalisation. Indeed the one question on which a great deal of discussion has centred concerns the external validity of case study research (Yin, 1994). How can a single case possibly be representative so that it might yield findings that can be applied more generally to other cases? However, it is not the purpose of this study to generalise to other cases. Rather the use of two case study assessments will allow us to compare and contrast between two particular sectors and provide the basis through which a theoretical analysis of institutional capacity can be undertaken. This chapter will now turn to explain why particular stakeholders were selected as case studies.

1.4.5 Case Study of P2

P2 of the South Yorkshire SPD represents one case study. This priority focuses on the 'innovation' sector within sub-region. 'Innovation' is defined as the commercially successful exploitation of new technologies, ideas or methods through the introduction of new products or processes or through the improvement of existing ones. It is a result of an interactive learning process that often involves several actors from within and outwith companies (EC, DG XIII, 1996, 54). Innovation has been an important theme in recent debates concerning the regeneration of declining regions. This is based on the notion that comparative advantage can be seen as less a function of natural factor endowment and more a result of the effective use of technology transfer and innovation initiatives (Morgan, 2000). Such thinking has emerged in measures such as innovation centres, provision of advice and intermediaries, technology transfer, science parks and technopoles

(Castells and Hall, 1994). Such approaches have been further advanced by of notions such as 'innovative regions', 'learning cities' and 'innovation networks'. The importance of P2 can be seen by the fact that in the 2000-2006 programming period the promotion of research, innovation and the information society was explicitly placed as a priority for the first time in O1 programmes (Potts, 2002).

However, research on South Yorkshire has identified a number of difficulties in relation to the innovation sector that will need to be explored in the context of P2 (Vickers and North, 2000). This is particularly concerns the role of HEI's, which have been major players in the development and implementation of P2. Moreover, UK universities have been allowed for the first time to apply directly for ESF in the SYO1 Programme. This followed a relaxation of Treasury rules that had previously restricted universities' abilities to tap into ERDF (Potts, 2002). Vickers and North (2000) report how research covering the Yorkshire and Humberside Food Technopole shows that many regional universities were described by project managers as being 'dormant partners'. Furthermore, Sheffield Technopole, which is concerned with helping SME's gain access to the accumulated knowledge and expertise of regional universities, found in its initial stages, that universities were more interested in large research projects than in helping SME's. The value for money of submitting an application for funding far exceeded that of a number of small Technopole projects (Vickers and North, 2001). Further problems have emerged with regard to tapping into the expertise and resources of HEI's. Problems with resources meant that academics were sometimes unable to provide the rapid response required by business. Relationships between HEI's and business partners in P2 will be explored further in the empirical chapters of 4,5 and 6 of this thesis.

1.4.6 Case Study of P4

The second case study, P4, is concerned primarily with the voluntary and community sectors. Sometimes referred to as the 'third sector', the term 'voluntary and community sectors', brings together voluntary and community organisations, which often have distinct aims and roles. For the purpose of this study, unless notable difference arises, they will be viewed as a single entity. The importance of studying this priority can be seen in the fact that both UK government and the EU

have increasingly emphasised the role which voluntary and community sector organisations should play in devising and implementing regeneration programmes (DETR, 1997; SEU, 2001). The belief that local communities have a role to play at the centre of such programmes is based on a number of assumptions: local residents are best placed to identify local problems and opportunities; regeneration can only be effectively implemented in close co-operation with local residents; community engagement can help engender a sense of ownership and thus sustain change through time; and regeneration undertaken in partnership with communities can provide jobs and other opportunities for local people. However, community involvement in programmes like the SF's has proved problematic. Boland (1999b) in a study of the voluntary and community sector's involvement in the MO1 Programme claims that distrust and cynicism towards the regeneration process helped to undermine community involvement in Community Economic Development (CED). He argues that it is therefore important to strengthen local awareness by improving capacity building process through better publicity, communication, processes, links and dialogue between partners (Boland, 1999b). He further suggests that it is imperative that this capacity building is organised before the CED process begins so that it is not running alongside the process or attempting to catch up with it (Boland, 1999b).

Armstrong, Wells and Woodford (2002, 2) offer a number of findings in relation to the voluntary and community sector's involvement in the Yorkshire and Humber SF programmes for the 1994-1999 period that may have relevance to the SYO1 Programme. First, significant involvement of these sectors really only dates from the 1994-96 programmes, and then it only came late in the day. Second, these sectors have therefore had to develop quickly after 1994 from a very low base. Third, voluntary and community sectors involvement has largely emerged through separate CED policy initiatives being inserted into the 1994-99 SF programmes. Fourth, the Commission's 'model' for CED and social inclusion has 'harder' economic and more quantitative aims than wider UK social inclusion policy, the ultimate aim being full re-integration of excluded communities into the mainstream economy. Fifth, in the initial phases in the 1994-99 O2 programmes CED was a freestanding Priority. There was very little 'mainstreaming' of CED within either other traditional business support Priorities or in wider domestic UK regional policy

instruments. On the other hand, the voluntary and community sectors, through CED, received extensive support from the Government Office for Yorkshire & the Humber resulting in the region devoting a significantly higher share of resources to it than in other UK O2 regions. Sixth, the voluntary and community sector's engagement in the 1994-99 period was fluid, following distinctive local patterns, with a high degree of variation across sub-regions. This to a large degree reflected local variations in capacity to engage (built up in the years prior to 1994), as indicated by the initial lead given by Sheffield's Third Sector organisations within South Yorkshire. Established community and voluntary sector organisations were able to muster an array of resources (organisational, political and informational) which proved critical to effective local partnership working. In the 1994-99 O2 programme many smaller community and voluntary organisations it was argued simply lacked the capacity period to engage in policy development (Armstrong, Wells and Woodford, 2002).

The publication of the Coalfield Task Force report in June 1998 highlighted many of the funding problems faced by community partnerships (Coalfields Task Report, 1998). In particular, it recommended that SRB should be used to set up an enabling fund for community capacity building and project development. The report acknowledged the severe problems caused by grant payments in arrears and suggested regular, guaranteed payments to community groups that had secured European and other grants. However while it is true that community involvement has increased in regeneration projects over the last few years, there have been fewer changes in relation to delivery. For example, most funds are still paid quarterly in arrears. However community groups in the main find great difficulty in operating within this system. Local groups do not have the resources to 'bankroll' projects. Communities are also starting from different bases in terms of their internal coherence, vibrancy and ability to engage in regeneration initiatives (Armstrong, Wells and Woodford, 2002). Not all communities will be able to adopt a strong lead in regeneration, requiring time to grow their skills, experience, networks and asset structures. A further problem may develop out of the increasing focus on outputs and measures particularly the high importance given to job creation. Such policies may prove a deterrent to projects supporting capacity building activities. As West (1999) points out, a high proportion of people who cannot take up full-time work for

a variety of reasons ranging from caring responsibilities, retirement or disability, are often concentrated in poorer communities. Therefore policies focusing on job creation are unlikely to improve their position and may indeed hinder the ability to aid those most in need (West, 1999). These issues raise a number of concerns, which P4 of the SYO1 Programme has attempted to address. The use of P4 as a case study will allow an assessment of these issues to be made and will also permit a comparison with approach adopted and issues prevalent within P2. Furthermore the use of P2 and P4 also allows for a comparison to be made both within the four areas of South Yorkshire and also allow for comparison to be considered between SY and other regions. As the thesis discusses in Chapter 2 lessons from part EU programmes with regard to both the business and voluntary sectors can be learned from previous EU funded regeneration programmes. By using P2 and P4 comparisons can be made between what is happening in South Yorkshire and experience from previous programmes in these areas. Moreover interviewing a range of stakeholders the four local authority areas can also assess differences in the two case studies. This approach helps to bring about an integrated methodology to the thesis, which we will now outline.

1.4.7 Integrated Methodology

As Shaw (1999) notes the most important aspect to consider in formulating a research design is what methods are most likely to meet the purpose of any given evaluation. In developing a research design a further consideration that is required involves assessing how the proposed methods lead to an integrated approach. Strauss (1987) contends that integration actually begins primitively and provisionally with the first linking up of dimensions and categories. Integration becomes increasingly more certain and higher as the research continues. This can be seen in the approach taken by this thesis. The reasons for the pursuing the methods used have been outlined in greater detail in earlier sections of this thesis. The integrative process begins with the choosing of the two case studies. This allows for the choice of subjects for the interviews to be made clearer and for the structure and directions of the questions to be asked in turn more focused. The undertaking of interviews is then able to elicit information which helps to develop a clearer picture in respect of the two case studies on what is happening and why. The longitudinal

approach then helps to provide a focus through which changes can be explored over a period of time via the case study/interview approach undertaken in this thesis.

1.5 Structure of the thesis

This opening chapter has introduced topics central to this thesis. It has explained the reasons why the study of institutional capacity is important. The chapter has outlined how the central argument of this thesis is that none of the theories outlined in this thesis offer a full enough explanation with regard to the development of institutional capacity and that the formulation of a new approach is required. In addition the research methods by which institutional capacity will be explored through the development of the SYO1 Programme have been set out. The strategy for the remaining chapters of this thesis is to outline the four approaches under review, develop a framework through which they can be explored and then set out how a new approach is best suited to explaining institutional capacity. Therefore the structure for the rest of thesis is as follows. Chapter 2 acts as background to the empirical research. It will explore reasons behind the designation of South Yorkshire as an O1 region by providing an outline to the economic and political developments in the sub-region. It will also explain the SF's and outline in greater detail the SYO1 Programme. Chapter 3 will provide a framework through which institutional capacity can be explored. It will also define what institutional capacity means in the context of this study. It will then outline theories of governance, which may provide a theoretical basis through which to explain institutional capacity and provide an assessment of their utility. The chapter will also develop a model through which the original research can be examined. Chapter 4 will focus on stakeholders involved in the programme. Chapter 5 will examine how capacity is developed through the design, management and implementation of the SYO1 Programme. Chapter 6 will analyse issues concerning the development of partnerships and networks in the SYO1 Programme. Chapter 7 will explore the findings of this study and set out the new approach of BMLG, which it is argued best explains the development of institutional capacity in the context of this study.

Chapter 2: South Yorkshire and the Structural Funds

2.1 Introduction

This chapter provides a background to the empirical research developed in chapters 4-6 of this thesis. The first part of this chapter will outline the SFs and trace the reforms that have taken place since 1989. The second will examine the political and economic developments that have taken place in South Yorkshire and explain some of the economic factors behind the granting of O1 status to the sub-region. This section will focus on factors that were evident at the time of the design of the SYO1 SPD, and, is not a resume of the current South Yorkshire economic situation. In order to spend the money in the most effective manner, South Yorkshire is required to draw up a SPD in conjunction with the UK Government. This is essentially a seven-year plan, identifying the types of activities which will be supported and which ostensibly will lead to the regeneration of the region. The final part of the chapter will set out the aims and priorities featured in the South Yorkshire SPD and explain the management structure at the outset of the Programme.

2.2 The Structural Funds: Evolution and Emerging Problems

The main objective of the EU's regional policy is to achieve economic and social cohesion. The main tools the EU has at its disposal in attempts to reduce the disparities within the Union are the SFs. The management structure for SF programmes in the UK has been set out in Chapter 1. The Funds of most relevance to the SYO1 Programme include the ERDF, established in 1975; the ESF, created in 1957; EAGGF, established in 1957; and the FIG, introduced in 1993. In addition to the above, the Cohesion Fund was created in 1992 as a specially directed Fund for the poorest states of the EU. The SF's importance is reflected in the fact that they constitute the second largest item of expenditure in the EU's budget. A major impetus for this development came in February 1988 with the agreement of a five-year budget package that contained a commitment to double, in real terms, resources available to the Funds (Sutcliffe, 2000). The 1988 SF regulations have since been

revised on two occasions. The first revision in 1993 followed the agreement of a new seven-year budget perspective. The second major revision occurred in June 1999 when the Council of Ministers adopted the third set of revised SF regulations based on Commission proposals, following the overall agreement on the Agenda 2000 package at the Berlin European Council in March 1999 (Sutcliffe, 2000). This section will outline these reforms, before exploring issues that have arisen from previous SF programmes in the UK.

2.2.1 The 1988 Reforms of the Structural Funds

Regional policy objectives were developed in the 1988 reform of the SFs. The first set of Objectives ran from 1989-93, after which they were slightly modified to cover the operation of regional policy for the period 1994-99. These Objectives were O1, which focused on the economic growth and adjustment of less developed regions. The main economic indicator for O1 was a GDP per capita of less than 75% of the EU average at NUTS 2 level. O2 was concerned with the economic re-conversion of declining industrial areas. O3 and O4 involved the combating of long-term unemployment, promoting the adaptation of workers to changes in industry and systems of production, and facilitating the integration of young people into the labour market. O5a dealt with the adaptation of structures in the agricultural and fisheries sectors in line with the reform of the Common Agricultural Policy (CAP), while O5b involved the diversification and development of rural areas. Finally, O6 involved dealing with the special problems of sparsely populated regions in the Nordic countries, which had been admitted in 1995. O1, 2, 5b and 6 had a regional dimension and absorbed 85% of the total funding, while O3, 4 and 5a were Union wide. O1 absorbed the largest share of resources with almost 65% of total expenditure for the 1989-93 period, increasing to 74% by 1999 (EC, 1995).

The guiding principles of the Funds, established in 1988 are Concentration, Programming, Partnership, and Additionality. These are outlined below. These guiding principles continue to underlie the O1 programmes throughout Europe. They were reaffirmed by the Member States at the European Council in Edinburgh in 1992, and repeated at the European Council in Copenhagen in June 1993 (EC,

1995). The 1999 SF regulations established that these four principles would remain as the basis for the division and distribution of the available funds.

There are two aspects to the first principle, Concentration: the concentration of financial support on regions of greatest need, and the concentration of financial support on activities, which produce the maximum impact for resources deployed. There are a number of general principles for this second form of concentration. These involve Selectivity: wanting to cover every possibility of financing within the SFs can lead to dispersion rather than concentration of resources. Effectiveness requires selection of a limited number of priorities. Targeting: within these priorities, concentration also requires the targeting of SF resources on specific types of action. Visibility: the more visible SF action is the greater impact it is likely to have.

The next principle concerns Programming. This involves a shift from individual project support to programme financing with plans covering, initially, a period of three or five years. Each member state has to submit regional development plans, linked to the priorities and objectives of the Funds. These plans outline their intentions as to the use of community resources and are submitted to the Commission for approval. The plans were negotiated with the Commission in order to construct Community Support Frameworks (CSFs), which outlined the aid priorities for the Community in relation to what was proposed by the Member State. The CSFs outline priorities to which subsequent implementation measures, in the form of Operational Programmes (OPs) or other instruments, should relate (Michie and Fitzgerald, 1997). According to the EC (1995), programming needed to evolve further in a number of ways including a more strategic approach by which the objectives needed to address a specific socio-economic problem or opportunity, rather than a particular type of public expenditure category.

The Partnership principle involves the management of the SFs, which are based on a regional partnership system. Both planning and implementation are undertaken within a partnership of competent authorities at different administrative levels (Michie and Fitzgerald, 1997). This involves the principal partners responsible for the Funds: the Commission, Member States, local and regional authorities,

organisations involved in training and regional and local development, and the voluntary and community sectors. Partnership is defined as ‘close consultations between the Commission, the Member States concerned and the competent authorities designated by the latter at national, regional or local level, with each party acting as a partner in pursuit of a common goal’ (CEC, 1988, Article 4). National authorities are given delegated discretion to appoint members of the partnership.

Finally, there is the principle of Additionality. This is seen as a fundamental principle underpinning the reform of the SFs (Michie and Fitzgerald, 1997). It is based on the idea that EU action to assist a region, via the SFs, should be a complement to, and not a substitute for, national government actions. This additionality principle has been the source of much controversy. This has largely focused on two issues: the requirement for the nation state concerned to match EU funds; and ensuring the flow of the funds to the region for which they are intended.

2.2.2 The 1993 Reforms of the Structural Funds

In 1993 the regulations governing regional assistance were revised to take into account growing economic difficulties within EU member states. These revisions did not, on the whole, introduce major changes. Rather they sought to build on and improve the structures that had been created by the 1988 reforms (Sutcliffe, 2000). As Bruce Millan, Commissioner with Responsibility for Regional Policy, 1989-1995, stated the principles of the regulations “had been tested and that there is evidence that they are sound and that only minor adaptations will be needed in the future” (European Report, iv 1). The Edinburgh European Council accepted these sentiments and agreed that the basic principles of the 1988 regulations (as outlined above), should be maintained in the 1993 review (EC, 1995). Consequently, the 1993 reforms did not move to amend the major SF principles. The main objectives of the revision were to ensure simplification of procedures and mechanisms covering the policy area; to increase the level of funding available to the SFs; and to introduce more flexibility to assist the four poorest member states, largely through the introduction of the Cohesion Fund. These revisions incorporated a more flexible approach to the objective criteria that had been agreed in December 1992 at the

Edinburgh summit. This allowed for a two-stage programming procedure based on regional development plans and SPDs in place of the existing three-stage process.

2.2.3 The 1999 Reforms of the Structural Funds

In 1999, as part of the Agenda 2000 reforms, the European Council decided to reduce to three the number of priority Objectives under the SF (EC, 1999). The new O1 was to promote development and adjustment in the lagging regions. The new O2 was to support economic and social adjustment in areas with structural difficulties. The allocation of resources to member states under O1 and 2 was to take into account the following objective criteria: eligible population, regional prosperity, national prosperity, and seriousness of structural problems, particularly levels of unemployment. There was to be greater concentration on regions, which need most assistance, with O1 regions receiving 69.7% of the SF budget compared to 11.5% and 12.3% for O2 and O3 respectively. The new O3 was to support the adjustment and modernisation of policies and systems of education, training and employment. It was to act outside O1. The financial breakdown among the member states was to be based on eligible population, employment situation and the seriousness of issues, such as social exclusion, education and training levels and the participation of women in the labour market.

The implementation of SF assistance for the 2000-2006 programming period was to continue to take place through SPDs, CSFs and OPs, and to involve a partnership of European, central government and sub-national actors (Sutcliffe, 2000). The 1999 reforms also state that partnerships would continue to include regional and local authorities and economic and social partners. In addition they are required to take account of the need to promote gender issues and sustainable development through the integration of environmental protection and improvement requirements (EC, 1999). The new regulations also attempted to simplify the programming procedure by clarifying the roles to be played by each of the partners. This was to be achieved as a result of the Commission having a larger role in setting overall priorities for SF assistance, whereas central governments and sub national partners would play a larger role in implementation and monitoring. The regulations also clarify roles to

be played by the partners in the ex-ante, mid term, and ex-post evaluations of the various SF programmes (Sutcliffe, 2000). The creation of a performance reserve was a final significant addition to the administration of the SFs introduced by the 1999 regulations. Four per cent of each member state's share of funds for each objective was to be held in a performance reserve. At the mid-term point of the programming period, the Commission has the capacity to allocate the performance reserve to those programmes within each member state that are most efficient in reaching their targets (EC, 1999).

2.2.4 Lessons and Emerging Issues from SF regions in the UK

The development of institutional capacity in South Yorkshire is likely to be influenced by the degree to which lessons can be learned from previous SF programmes. As Shutt et al (2002) note, it is important that problems that have occurred in past programmes are not repeated during the 2000-2006 period. A number of studies have explored SF programmes in the Merseyside and Yorkshire and Humber regions (Bentley and Shutt, 1997; Boland, 1999a and 1999b; Evans, 2002; Koutsoukos, 2000; Lloyd and Meegan, 1996; Shutt, 2002). These studies have raised a number of issues. With regard to the Merseyside O1 (MO1) Programme, for the period 1994-1999, the main problems encountered were over-ambitious SPD objectives resulting in an initial rejection of the SPD. This led to the need for redrafting. Tensions also occurred between the Government and local partners relating to the Merseyside programme. This latter tension emerges in a number of contexts. The establishment of a monitoring committee (MC) did not contain the social partners, for example. There was considerable debate regarding the administrative structure of the GO, by which the Chief Executive for the GO for Merseyside (GOM) was directly appointed by the UK government without consultation with local partners. It was also stated how control on the spending of the SRB and administration of the GOM led some observers to question his accountability and discretionary powers (Boland, 1999a). Moreover, there were also claims that the position and strong voice of the GOM in the MC left the process shrouded in secrecy (Boland, 1999a). There was also uncertainty, with regard to the validity of spending plans particularly in two cases. First, the plan to train young unemployed people needed linking to job opportunities. The failure to achieve such

a linkage led to allegations that a migration of individuals outside the region would occur. The second issue involved plans for the investment of £2.3 million on training the unemployed in performing arts and for occupations such as hairdressers and beauticians. It was argued that such plans were both short term, and more importantly, failed to increase GDP (Shutt et al, 2002). Generic issues of isolation, parochialism, fragmentation and disunity of purpose were also raised (Boland, 1999a), concerning relationships between GOM and local partners, GOM and central government, and the coordination of regional (including SRB and ERDF coordination) and urban policies (Shutt et al, 2002).

It may be argued that such problems reflect previous experiences and maybe particular to the Merseyside region. However, similar difficulties have been evident in the O2 programme for the Yorkshire and the Humber region (Ekos, 1999). Shutt et al (2002) argue that these problems reflect the failure of there being too little critical evaluation of previous achievements and practice. Consequently, the implications for new strategy have not always been realised. The UK as a whole now has extensive experience of dealing with the SF's. Indeed it is the only EU member state which has more regions now covered by programmes than was the case for the 1994-1999 programming period. South Yorkshire has its own experience of SF programmes to draw on as well as an opportunity to learn from other regions' experiences. The extent to which such lessons have been learnt and their effect on the building of institutional capacity will be explored later in this thesis.

2.3 Economic and Political Developments in South Yorkshire

This section explores economic and political developments in the build up to the granting of O1 status to South Yorkshire. This is not meant as a resume of the current situation in South Yorkshire, but rather seeks to explain the background to the SYO1 Programme and issues that were relevant at the time the SPD was being written. Three main issues are discussed: a brief geographical outline to the sub-region; an outline of economic decline within South Yorkshire; and a discussion of political and economic developments in South Yorkshire up to the development of the SYO1 Programme.

2.3.1 South Yorkshire

The sub region of South Yorkshire is composed of the four single tier metropolitan district councils created in 1974, namely Sheffield, Doncaster, Barnsley and Rotherham. Of these, Sheffield is the largest in terms of population with the census for 2001 from the Office for National Statistics (ONS) indicating that 513,234 live in the city; Doncaster has 286,866 inhabitants, Rotherham 248,175, and Barnsley 218,063 inhabitants (ONS, 2001). The three smaller districts incorporate a number of geographically separate industrial towns and villages. Over two-thirds of the sub-region is rural. Two-fifths of Doncaster and one-fifth of Rotherham are Rural Development Areas, while one third of Sheffield and the western part of Barnsley are part of the Peak District (SYF, 2000). South Yorkshire was administered from 1974 by an upper tier of local government the Metropolitan County of South Yorkshire, which had responsibility for strategic planning, public transport, and police and fire services. The Metropolitan County Councils were abolished in 1985 and the metropolitan districts then assumed the role for strategic planning within their areas.

2.3.2 The Economic Decline of South Yorkshire

A second major issue of relevance to this thesis is that of economic decline. South Yorkshire suffered serious economic decline from the beginning of the 1980's (Chandler, 1997; Raco, 1997; Seyd, 1990). The area had been strongly identified with coal mining, which dominated the economy of Barnsley and was a substantial component of the industrial bases of both Rotherham and Doncaster. Steel making and heavy engineering dominated Sheffield and Rotherham. Between 1980 and 1993 steel and much of the heavy engineering industry, faced collapse. Evidence of this slump can be seen from the decline in the proportion of workers employed in the Sheffield travel to-work area in steel and metal goods manufacture from nearly 16% to 8% of total workforce between 1985 and 1994 (Chandler, 1997, 33). Problems faced by the steel industry were accentuated by the Government decision to accept demands from the EU to reduce overproduction in steel. This policy was to damage the older steel and heavy engineering businesses, largely located in the

Lower Don Valley, a heavy industrialised corridor straddling the river linking the Sheffield and Rotherham.

A further wave of economic cuts affected coal mining areas a decade after the onset of decline in the steel industry (SYF, 2000). The decision substantially to reduce coal mining in Britain as a preface to privatisation in 1993 impacted hugely on coal mining industry in Barnsley, Doncaster and Sheffield (Raco, 1997). The reduction in the coal industry resulted in the number of mines in the county of South Yorkshire falling from 29 to 4 between 1989 and 1996 with a loss of 30,450 jobs (Chandler, 1997, 33). This decline was exacerbated by problems in other sectors of the South Yorkshire economy. Viners, the last mass production cutlery firm in Sheffield closed in 1985. Firms involved in manufacturing glass and refactories for the steel industry closed, and the rail engineering works in Doncaster shut down in 1994. Between 1971 and 1997 South Yorkshire lost 187,000 industrial jobs (60% of total manufacturing jobs) while gaining only 95,000 service jobs. This resulted in the workforce contracting by 92,000 employees or nearly one-fifth of the total number of jobs in South Yorkshire (SYF, 2000). The speed of economic decline left South Yorkshire with a vulnerable economy. Loss in manufacturing jobs has not been matched by a corresponding increase in service sector jobs. Those that have been created in the service sector tend to be low paid in comparison (SYF, 2000)

The economic difficulties facing South Yorkshire were noted as early as 1989 when the European Commission asked the University of Louvain to report on the problems facing a number of industrial regions in the EU. In the case of South Yorkshire the report highlighted a lack of growth sectors in the local economy, poor training and education in key technologies, an inadequate development of support services for SMEs, technical and infrastructural marginalisation, and a critical lack of information technology and advanced communications (Universite de Louvain, 1989). A South Yorkshire Key Economic Issues Report (November, 1999) and the South Yorkshire SPD also highlighted the relatively poor economic prospects for the region. A number of other factors pointed to weakness in the South Yorkshire economy. These included low levels of investment; employment, income, and a GDP, falling significantly against the UK and the EU average (SYF, 2000).

The factors outlined above are reflected in the SPD for South Yorkshire which sums up the economic conditions in the region: 'the problems facing South Yorkshire are not just a case of localised decline but rather one of cultural crisis with a contraction so rapid that both state and market solutions have struggled to revive the economy' (SYF, 2000, 4). The result is a sub-region where some local authorities have a GDP on a par with Greece and areas of the former East Germany. The SPD further claimed that 'the restructuring required to turn South Yorkshire around is still in its infancy' (SYF, 2000, 4). The severity and timing of industrial decline in South Yorkshire is almost without parallel among comparable EU regions. Consequently, South Yorkshire is particularly vulnerable to any possible economic downturn (SYF, 2000).

The SPD reported that the South Yorkshire economy was predicted to expand at an annual growth rate (GDP) of only 1.4% over the following ten years (SYF, 2000). This figure is significantly below the projected rate for the UK and Europe and would be insufficient to generate the substantial employment growth which is required to help close the gap between South Yorkshire and the European average. The next section of the paper highlights five factors, which help to summarise the economic issues facing South Yorkshire: levels of employment, number and type of firms, levels of GDP, education and skill levels, social inclusion issues.

The first factor concerns the level of employment that can be found in the sub-region. Between 1991 and 1996 employment fell in South Yorkshire by just under 3% compared to increase in Great Britain as a whole by over 3%. Analysis by Business Strategies Limited (1998) forecasted a continuing fall in employment in the region up to the year 2000 and reported that the region had the worst prospects for expected job creation in England. Additional analysis by PWC (1999) indicated that South Yorkshire had an incidence of employment vulnerable sectors more than 40% higher than the UK norm, whilst employment in 'employment growth sectors' was 30% below the UK average. However, figures from the SYF showed that by April 2002, unemployment had fallen in South Yorkshire at an even faster rate than the national rate thereby moving the sub-region closer to the overall targets set out in the SPD than had previously been forecasted (SYF, 2002)

Second, with regard to the size structure of firms in the region, research, shows that the economy has a fairly high proportion of medium sized firms that may offer opportunities for future growth (SYF, 2000). However, many of these industries also make a relatively limited contribution to Gross Value Added (GVA). Figures from PWC (1999,5) also reveal that 77% of those employed in manufacturing in 1998 in South Yorkshire were working in industries, which contributed less than the national average GVA. In addition only 23% of employees were in industries contributing more than the national average GVA. Moreover, it is also the case that between 1997 and 1999 South Yorkshire had a considerably lower level of new firm formation per 1000 population than the UK average (SYF, 2000). This trend has continued since the outset of the SYO1 Programme with VAT stocks between 2000 and 2001 falling by 1.4% in South Yorkshire compared to a 0.4% increase in the UK (SYF, 2002).

Third, Table 2.1 demonstrates that the level of GDP in South Yorkshire only grew slightly over the four-year period between 1995 to 1999. This contrast with the national picture where GDP grew steadily against the EU average and in the years 1998 and 1999 climbed above the European figure

Table 2.1 Levels of GDP in the UK and South Yorkshire.

	UK	South Yorkshire
	GDP per Head (EU=100)	GDP per Head (EU=100)
1995	98.2	74.4
1996	96.0	69.3
1997	98.6	72.3
1998	102.00	75.1
1999	102.2	74.8

Source: Eurostat (2002)

The fourth factor concerns the level of education and skills that can be found in South Yorkshire. For any region to prosper, it can be argued, that the availability of a well-educated and trained workforce is crucial. Targets for the SYO1 Programme by 2010 on students attaining 5 or more GSCE grades A to C are Barnsley 47%,

Doncaster 43%, Rotherham and Sheffield 46% (SYF, 2002), Data shows that levels of educational attainment at ages 11 and 16 in South Yorkshire are significantly lower than the English average. League tables for 1999 indicated that South Yorkshire was falling further behind the national average for five good GCSE passes as the table shows below (The Sheffield Star, November 25, 1999). By 2002 figures showed that over the previous four years each Local Education Authority had shown some improvements and that all had closed the gap on the national average (SYF, 2002).

Table 2.2: LEA and National Averages

	1998	1999	2000	2001
National	46.3	47.9	49.2	50.0
Sheffield	38.0	37.6	41.1	42.0
Doncaster	34.1	36.2	36.8	39.9
Rotherham	36.8	40.4	41.1	43.1
Barnsley	29.8	32.4	34.9	35.1

(DFEE; Reported by SYF 2002)

Further analysis shows that a high proportion of those working in micro-business have a low level of qualifications, with the position in Barnsley, Doncaster and Rotherham areas being particularly low (PWC, 1999). Furthermore while large firms tend to have a higher proportion of people with higher qualifications, large firms in Barnsley, Doncaster and Rotherham have a considerably lower proportion of such workers than is the case for Yorkshire and indeed the UK. Further difficulties are due to the fact that awareness and usage of IT is low and there is a perceived need for a major programme to address the IT 'gap' amongst both firms and individuals across South Yorkshire (PWC, 1999).

The fifth and final factor relates to the fact that South Yorkshire faces a number of major issues relating to social inclusion, which are of relevance to both UK and EU policy initiatives. Studies (Business Strategies Limited, 1998; PWC, 1999) show that three distinct clusters of social and economic exclusion exist: high need groups, spread throughout South Yorkshire (ethnic groups, woman returnees and the long

term unemployed); former coalfield communities, suffering from an array of economic, social and physical difficulties; and other rural and urban locations with complex and mutually reinforcing social and economic problems. Data showing the extent and intensity of deprivation in South Yorkshire indicate that deprivation was most intensely concentrated in Sheffield and Doncaster, and most evenly spread across Barnsley and Rotherham (SYF, 2000). Figures also show that average earnings in South Yorkshire have fallen against the national average since the early 1980's. This has resulted in major falls in disposable income per head, dropping from 96% of the UK average in 1981 to 84.3% by 2001, the second lowest for any English region (SYF, 2002).

In developing the SPD the SYF argued that South Yorkshire did have a number of important strengths and advantages on which it can build its regeneration (SYF, 2000). According to the SPD these include the area's excellent locational and external infrastructure, which it is claimed provide high quality access to UK and European markets (SYF, 2000). In addition the sub-region could provide the potential for a powerful base in logistics, manufacturing and regional service operations. There is a large labour catchment, a traditional skills base, and a significant cluster of medium sized firms with the potential for further development. Important Higher and Further Education establishments and Research Institutions, including high quality research strengths are located in the area (SYF, 2000).

2.3.3 Political and Economic Developments in South Yorkshire

The final step in outlining the background of the SYO1 Programme is to explore those political and economic developments which have affected the sub-region's ability to develop and deliver economic regeneration. Sheffield has traditionally been a distinctly working class city as is reflected in the dominance of the Labour party (Raco, 1998). The control of the city by the Labour party produced a distinct municipal socialism based upon a commitment to spend money on developing local services (Seyd, 1990). Nevertheless on issues such as the balance between local taxation and the quantity and quality of services, Sheffield along with the other South Yorkshire local authorities, tended in the early 1970's to adopt a relatively cautious stance (Chandler, 1997). This pattern changed dramatically during the late

1970's when a cadre of radical, university educated, councillors assumed senior positions within the Sheffield group of councillors. The election of David Blunkett as leader of the Sheffield Labour Group in 1980 symbolised the 'new left' emergence to power. A distinctive programme of local socialism emerged out of this shift in power, with policy based on raising the standards of services through higher local taxation as a means of redistributing resources from the wealthy to the poor. Such a strategy involved subsidising public housing and leisure services for the unemployed (Raco, 1998; Seyd, 1990). In addition Sheffield councillors serving on the South Yorkshire County Council sustained a subsidised transport policy that ensured cheap subsidised bus fares throughout the area (Chandler, 1997).

The view within the Labour party in the early 1980's was that Sheffield's economic reconstruction would not be based upon attracting what was seen as irresponsible corporate capital (Raco, 1998; Seyd 1990). Rather an attempt was made to develop a co-ordinated response to economic decline by establishing a local political culture designed to counter Thatcherite economics (Seyd, 1990). An Employment Department was established in 1981 as part of this plan. The aim of this Department was to restructure the local economy and secure economic growth by encouraging the development of small scale, socially useful enterprises, supporting worker co-operatives, using local pension fund money to stimulate the local economy and by generating local public expenditure and maintaining local public employment (Chandler, 1997). Some saw this approach as involving the taking of a confrontational stance against local business (Seyd, 1990). Here Labour councillors argued that the failure of local business was a consequence of both central government policies and also the incompetence of local business leaders who had abandoned a capable and local workforce (Raco, 1997). As such, a clear anti-capitalist ethos prevailed in Sheffield and this was reflected in the Employment Department's active support for organised labour in local disputes as the council sought to restructure the local economy in the interests of labour rather than capital (Seyd, 1990).

Throughout the 1970's Sheffield's unemployment rate was consistently below the national average. In January 1980, the local unemployment rate stood at 5.1%, one per cent below the national average. However during the 1980's the Sheffield

economy was to experience great difficulties, with unemployment tripling to 15.5% in September 1984 (Seyd, 1990, 339). The dramatic collapse of the local economy helped to bring about a reconstruction of local economic strategy, particularly in relation to the assumption that regeneration could be achieved without the collaboration of the local business community. This move to a tentative partnership approach was hindered by the opposition of Sheffield City Council to the implementation of a central government bill on local government finance (Raco, 1997). The idea behind this legislation was that of rate capping. This would mean that authorities such as Sheffield, deemed by the government to be over spending, were through rate capping and decreases in central government grants restricted to a centrally approved level of income. This meant that they were effectively confined to levels of expenditure that the government believed acceptable. Sheffield placed itself at the head of a campaign to undermine the rate capping policy. The authority was to be one of sixteen that continued to set a rate higher than permitted by the government and challenged the government to abandon its legislation or to bankrupt and dismiss councillors for acting unlawfully. However after some weeks of confrontation the local authorities began to back down one by one, leaving Sheffield with little but a reputation for 'extremism' (Seyd, 1990).

By the mid 1980's, the city council had begun to embrace the notion of partnership as reflected in the Sheffield Economic Regeneration Committee (SERC) (Lawless, 1998). This was formed in 1987 and consisted of representatives from a range of local interests: the local authority, private sector organisations, trade unions, voluntary and community groups, higher education and the Sheffield Development Corporation (SDC) (Raco, 1998). However, although SERC appeared to have embraced a wide range of local actors, in practice it was to be dominated by the local authority and the private sector. The major scheme to emerge from SERC was Meadowhall, a £240 million retail and leisure complex sited on a previous steel works.

Another organisation to emerge at this time was the SDC which was established by central government in 1988 with the aim of regenerating the city's industrial area: the Lower Don Valley (Dabinett, 1995; Lawless, 1998; Raco, 1997). The declaration and operation of the SDC was said to represent a significant new

development in Sheffield's history in terms of the scale and funding (Crocker, 2000). It was a public body funded by national government, acquiring the highway, planning and compulsory purchase powers of the local authority but without being under local authority control (Raco, 1997). The SDC adopted policies that were based largely around physical regeneration. Apparent achievements credited to the work of the SDC included the leverage of £577 million of private investment and the generation of 13,000 jobs in new developments in the valley (SDC, 1997). However, hostility to the SDC from the local authority remained. There was an acceptance that what the SDC had achieved was worthwhile and that the local authority could not have undertaken this work (Crocker, 2000; Raco, 1997). This hostility meant that when the SDC reached the end of its life in 1997, its staff and resources were not absorbed into Sheffield's urban regeneration team. Rather its assets were dispersed or sold (Crocker, 2000).

The image of radicalism, largely a reflection of policies emanating from Sheffield and also the Metropolitan County Council of South Yorkshire, led to the tag of the "Socialist Republic of South Yorkshire" being conferred on the area. However it soon became apparent after 1985, when the Metropolitan County councils were abolished, that any label of radicalism was misleading when applied to Barnsley, Doncaster, and Rotherham. None of these can be said to have responded to economic decline with the same approach shown by Sheffield. Indeed it has been argued that the leadership of the Labour party in these areas had done little to change existing policies in the face of growing economic difficulties (Chandler, 1997; Raco, 1997). During the 1980's Barnsley had remained on friendly and co-operative terms with the local Chamber of Commerce. During the 1980's all three authorities remained wedded to traditional responses to restructuring their local economy (Turner, 1993). According to Chandler (1997) each of the three employed an industrial development officer working with small budgets who attempted to attract new business, but with little apparent corporate assistance from the rest of the authority. In terms of 'taking on the government', none of these three authorities responded to Sheffield City Council's appeal to defy rate-capping legislation. It was argued that the refusal to co-operate with more radical forces was made in the hope of attracting regeneration awards from the government (Chandler, 1997).

In contrast to the failure of Sheffield City Council to gain government aid until the formation of the SDC, other authorities in South Yorkshire were able to achieve greater government help during the 1980's. Doncaster was the first authority to receive government assistance. In 1986 a substantial sector of the city was designated by the government as a 'Task Force' Area (Chandler, 1997). This scheme, which had been pioneered in Liverpool, involved the creation of a multi-departmental team of civil servants to enhance economic development in designated areas with a brief to use relatively small sums of government funds to attract private sector developments. This Doncaster initiative was to last almost five years and prompted the creation of a number of developments plans and initiatives. Most of the funding at the disposal of the Task Force went into training schemes for local business, with some smaller funds designated to stimulate the relocation of firms to the area and additional small capital developments. One project involved an attempt to rejuvenate the Doncaster Chamber of Commerce as an effective body in aiding economic development through partnerships with other agencies in the area, including the local authority (Turner, 1993).

The idea that any refusal to adopt the "Sheffield" approach benefited Doncaster greatly in terms of obtaining government aid was tempered by the fact the scheme had an ill-defined and uneasy relationship with the local authority. The Task Force was deemed by the authority as a further means of bypassing local development initiatives. It can be interpreted as representing distrust on the part of the Conservative government in relation to local authorities' development potential (Turner, 1993). Nevertheless the scheme represented a different approach to the Urban Development Corporation imposed on Sheffield, which involved removing planning powers from the city (Lawless, 1998).

A similar attempt to secure economic growth in Barnsley based on new technology was established in 1988 with the creation of the Barnsley Business and Innovation Centre. This was created with the aim of advising and aiding SME's wishing to develop new skills and technologies. The project received supported from the EU, which provided funds through a bidding process to partnerships within urban development areas (Turner, 1993). The arrangement was not expected to involve much private funding and in the case of Barnsley was founded principally on a

partnership of the local authority and British Coal Enterprises, the latter set up by government to help alleviate economic problems caused by pit closures.

By the late 1980's Barnsley had elected to pursue partnerships in economic development and had established an agreement with an international construction company, Costains, to secure the construction of new office space within the city (Chandler, 1997). Support from the government for this partnership was indicated by the presence of a Minister, Michael Portillo, at the signing of the agreement. Following these schemes, Barnsley was in a far better position to bid for large sums from the government through partnership arrangements (Chandler, 1997). In an attempt to forestall the possibility of losing control to an outside body, Barnsley Metropolitan Council joined with Rotherham and Doncaster to form, with local private sector support, the Dearne Valley Initiative in 1991 to plan for a large and dispersed area of decline spanning all three authorities. This organisation was to develop into the Dearne Valley Partnership that included not only the three local authorities and representatives of private business but also senior officials from the Government's Regional Office (Raco, 1997).

This partnership formed the basis for a bid to the first round of the City Challenge. Barnsley was requested by the government to sponsor a bid for funding to cover the Dearne Valley area in co-operation with Rotherham and Doncaster. The bid differed from the usual city challenge areas, which were concentrated in inner cities. The Dearne Valley in contrast covered some ten square miles consisting of small towns badly hit by pit closures. The bid, which involved £39.5 million of government funding, proved successful in contrast to two efforts to secure City Challenge schemes put forward by Sheffield (Crocker, 2000; Raco, 1997).

In the second round of City Challenge bids, Barnsley was again successful in securing funding for the redevelopment of a corridor of deprivation spanning a number of run down council estates and former industrial areas damaged by pit closures. In contrast to Sheffield, the three other South Yorkshire authorities were, therefore able to secure at least some city challenge funds albeit only one of the three, Barnsley gained from both rounds. In this respect an earlier image of radicalism may have undermined bids by Sheffield. This is despite the city being

recognised as a pioneer with regard to realising the importance of formal economic partnerships. Certainly it was to gain little until the late 1990's in contrast to the three coalfield authorities which can be said to have anticipated and followed, rather than challenged the approach of Central Government (Raco, 1997).

The move by Sheffield City Council away from its socialist image continued in the late 1980's and early 1990's. This process accelerated in 1992 when Clive Betts, one of the pioneers of 'local socialism', left council leadership to become an MP and was replaced by the more 'moderate' Mike Bower (Raco, 1997). Investment in the early 1990's in the city was mainly through major public works (Di Gaetano and Lawless, 1999). The World Student Games (WSG) facilities opened in 1991. This investment amounted to some £147 million for the provision of two new swimming pools, a new athletics stadium, and an indoor arena. However, the Games would generate little in the way of sponsorship, advertising, or private capital (Di Gaetano and Lawless, 1999). The South Yorkshire Supertram, a £200 million investment, was also given government approval and grant aid. However, as a result of rate capping, policies of creative accounting, and losses from the WSG, by this stage Sheffield was in serious financial difficulty and was obliged to cut routine expenditure and to shed jobs (Raco, 1997). Following the failure of the two City Challenge bids, Sheffield Council initiated a new framework for securing economic development by remodelling arrangements for steering partnerships through the creation of a new regeneration committee: the Sheffield City Liaison Group. This was established in 1992 and included the City Council, Chamber of Commerce, Chamber of Trade, Development Corporation, the two Universities; the Government sponsored Training and Enterprise Council, and the Company of Cutlers, a prestigious local body representing steel and cutlery manufacturing (Dabinett, 1995).

The thawing of relations with the government was helped by the appointment of John Lambert, a senior Civil Servant seconded from the Department of Employment to serve as secretary to the Group and in effect to act as its 'Chief Executive'. This appointment reflected the view of the city council that the selection of the 'Chief Executive' should be held by someone who was connected neither to the local authority nor local industry but who would have the potential to influence central

government (Raco, 1997). The creation of a Sheffield City Liaison Group appeared to have prompted a change in attitude on the part of central government. In early 1994, the Government signalled its readiness to provide serious aid to Sheffield by appointing a Government Minister, Ann Widdicombe, as Minister of Sheffield (Chandler, 1997). Since the early 1980's, Conservative governments had appointed Ministerial representatives to serve as advocates for areas in need of regeneration, although none had previously been appointed for Sheffield. A minister had earlier been appointed as an advocate for the Dearne Valley area, however.

Chandler (1997) argues that despite showing more innovative ideas in relation to partnerships than its South Yorkshire neighbours, Sheffield had been far less successful in gaining government funding. Much of this failure had been put down to the confrontational stance undertaken by the city in the mid-1980's (Raco, 1997). The introduction in 1994 of the SRB, the then main funding mechanism for urban policy initiatives, offered the city a chance to improve on its previous poor record. SRB and other regeneration programmes, such as the SF's, have placed greater emphasis on the development of partnerships designed to involve the whole community (Hall and Mawson, 1997). Unlike previous competitive regimes Sheffield was able to secure SRB funding, with its move towards partnership apparently being a major factor in this success (Raco, 1997).

This section has explored the social and political developments that have taken place during the 1980' and 1990's. There are a number of key points which emerge from this analysis which have important connotations for this study. First, is how the sub-region will deal with the scale and speed of economic decline which has taken place? Second, concerns the issue of the differences in approach to economic regeneration between Sheffield and the other local authorities in South Yorkshire which have been evident in the years previous to the start of the SYO1 Programme and how these may impact on partnership building. The election of a Labour Government, in 1997 increased the importance of partnerships and the emphasis on a 'joined up approach' as a result of the introduction of a plethora of new regeneration initiatives. The South Yorkshire Coalfield Partnership can be viewed as one innovative approach to partnership within the sub-region. This body comprises the Rotherham Partnership, Doncaster Partnership and Barnsley Forum

and has proved successful in obtaining SRB funding. However, in the main, there has been a lack of co-operation and building of partnerships on a South Yorkshire wide basis until the formation of the SYF. This thesis explores how the SYO1 Programme has responded to the challenge of developing such partnerships in Chapters 4 to 6. We will now turn to the details of the SPD for the SYO1 Programme.

2.4 The SYO1 Programme: the SPD and Management arrangements

The SPD for South Yorkshire is the contract between the UK government and the European Commission setting out a vision for the region and a programme of activity for achieving this. The SPD was formally approved on the 24th July 2000 and the programme launched on 25th July 2000. In attempting to address some of the problems alluded to above, the SPD for South Yorkshire put forward four strategic objectives: to increase employment and income through a radical reshaping of the economic base; to achieve a step change in the sub-region's education, training and skills base; to help communities and individuals share in, and contribute to, the renewal of South Yorkshire; and to recognise and respond to the diversity and distinctiveness of the urban, rural and coalfield environment.

In attempting to achieve the above objectives the SPD put forward six priorities:

Priority 1 - Stimulating the emergence of new growth and high technology sectors

1. Exploiting a business centred research capacity (ERDF)
2. Investing in targeted SMEs (ERDF)
3. Developing growth sector start-ups (ERDF)
4. Attracting growth sector champions (ERDF)
5. Supporting new employment opportunities (ESF)

Priority 2 - Modernising businesses through enhancing competitiveness and innovation

6. Exploiting new market opportunities (ERDF)
7. Accelerating the adoption and transfer of new technologies, products and processes (ERDF)
8. Maximising the potential presented by e-business (ERDF)
9. Improving processing and marketing of agricultural products (EAGGF)

10. Enhancing management and workforce skills and capacity (ESF)

Priority 3 - Building a world leading learning region which promotes equity, employment and social inclusion

Priority 3(A) - Building a world leading learning region

11. Creating a responsive training and education system (ESF)
12. Enhancing the curriculum for the world of work (ESF)
13. Developing an adaptable and entrepreneurial workforce (ESF)
14. Building a learning infrastructure for the 21st century (ERDF)
15. Tackling gender imbalances in the labour market (ESF)

Priority 3(B) - Promoting equity, employment and social cohesion

16. Assisting people back to work (ESF)
17. Tackling disadvantage (ESF)
18. Expanding and supporting a thriving social economy (ERDF)

Priority 4 - Developing economic opportunities in targeted communities

Priority 4(A) - Supporting Community Economic Development

19. Helping communities to access jobs and training (ERDF)
20. Building neighbourhood strength (ERDF)
21. Development the Information Society as a tool to combat social and economic exclusion (ERDF)
22. Equipping communities with tools for re-integration (ESF)

Priority 4(B) - Helping communities make the transition to economic renewal

23. Regenerating targeted coalfield and steel areas (ERDF)
24. Promoting the adaptation and development of rural areas (EAGGF)
25. Developing forestry resources (EAGGF)
26. Broadening the agriculture and forestry skills base (EAGGF)

Priority 5 - Supporting business investment through strategic spatial development

27. Seizing the opportunities of strategic economic zones (ERDF)
28. Developing Sheffield city centre (ERDF)
29. Realising economic opportunities in urban centres (ERDF)
30. Embedding the benefits of new business investment (ERDF)

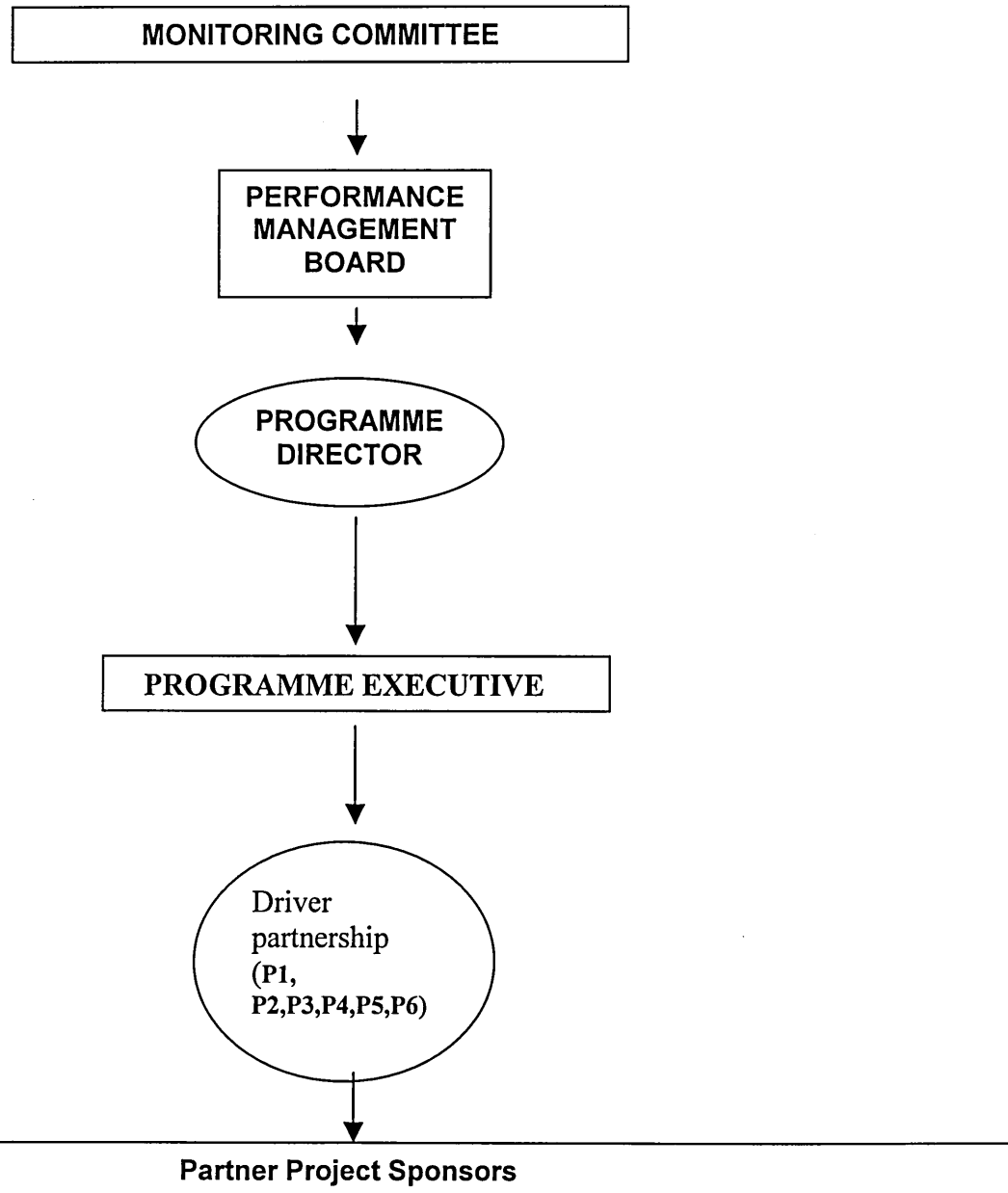
Priority 6 - Providing the Foundations for a Successful Programme

31. Removing transport constraints on economic growth (ERDF)
32. Improving access to finance for SMEs (ERDF)

Technical Assistance (ERDF and ESF)

The overall management of the SF programmes in the UK has been outlined in Chapter 1. Subject to certain EU and UK Government rules, the GOYH holds responsibility as the managing agent. The Programme Executive or Directorate is responsible for the day-to-day delivery of the programme in South Yorkshire. It is accountable to the Programming Management Committee (PMC), which has ultimate overall responsibility for the programme. The Programme Executive is also accountable to the Performance Management Board (PMB), which monitors the operational aspects of the work of the Programme Executive. A process innovation in the SYO1 Programme is the development of Driver Partnerships (DPs) to push forward policy in each of the six priorities. The role of DPs will be explored in greater detail in Chapter 5. The management structure for the delivery of the SYO1 Programme is set out on the following page.

Figure 2.1 SYO1 Management Structure at the outset of the Programme (SYF. 2000)



Changes in this initial structure were made at the beginning of the 2002 and are discussed in Chapter 5.

The PMC is chaired by the Regional Director of the Government Office for Yorkshire and the Humber (GOYH). The membership of the PMC is made up of the principal partners for the SYO1 Programme, including representatives from Government Departments, Yorkshire Forward, the private sector, the LSC, the voluntary sector, social partners, and local authorities. The EC is also present in an advisory capacity. The PMC role is set out in the SPD and includes approving project selection criteria; reviewing progress made towards achieving the objectives of the programme; examining the achievement of targets; considering and approving any proposal to amend the contents of the approved SPD; and proposing any adjustment or review of assistance in order to help attain the objectives set out in the SPD (SYF, 2000). The PMC will be assisted by a permanent secretariat responsible for the preparation of documentation relating to monitoring, reports, agenda, and summary of meetings.

Managerial oversight of the programme is undertaken by the PMB. The board is chaired by Yorkshire Forward. In the initial structure the membership of the PMB was to consist of the lead driver for each Priority, a representative of GOYH and no more than four executive managers of the SYO1 Programme. In particular the PMB is responsible to the PMC for programme performance and coordination. The PMB has the authority delegated to it from the PMC to oversee all programme management issues. It also recommends to the PMC revisions to the strategic direction of the SYO1 Programme based on research evidence on key indicators and programme impact provided by the Partnership unit.

A Programme Executive, Partnership Unit and Strategy Unit support the PMB and PMC. The Programme Executive is employed by, and paid for, by the GOYH. It is responsible for large project and measures appraisal; contracts with applicant organisations to deliver projects; receipt and process of claims from the Partnership Unit; and provision of information to PMC, GOYH, UK government and EU on progress. The Partnership Unit's fundamental role is to provide support to the DPs for the delivery of the large projects and measures and, as a consequence, delivery of Priorities (SYF, 200). Finally, the Strategy Unit is employed by Yorkshire Forward. Its role is to ensure consistency between the SYO1 Programme and the Regional Economic Strategy (RES).

2.5 Conclusion

This chapter has provided background to the original research developed in chapters 4 to 6 of this thesis. The first part outlined the SF's and how they have developed over the last decade. Problems identified in research undertaken on previous SF programmes in the UK have also been identified. It has been argued that there is a need for the SYO1 Programme to learn lessons from previous SF programmes in relation to institutional capacity (Gibbs et al, 2001; Shutt et al, 2002). In addressing capacity in South Yorkshire successfully to implement O1, it is important to note how the sub-region has reached the point where it has become eligible for such funding. Political and economic trends of South Yorkshire have been explored and the economic situation at the outset of the programme set out. This section has also provided a snapshot of the economic difficulties faced by the sub-region during the development of the SPD. In exploring the development of institutional capacity within South Yorkshire, a history of political developments and attempts to access past funding programmes gives us a useful background to relations amongst partners in South Yorkshire before the start of the SYO1 Programme. It has been noted that there has been a lack of partnerships at the sub-regional level, an issue that will be returned to in greater detail Chapter 4. This thesis has already noted the increasing emphasis on partnership working and how it is central to the SYO1 Programme. The differences in approaches to economic regeneration and the failure to build sub regional-partnerships may impact greatly on the capacity of South Yorkshire to build such partnerships. Issues that emerge from this chapter will be explored in Chapter 4,5 and 6. The final part of the chapter has looked at how the South Yorkshire partners have dealt with problems facing the sub-region through aims and objectives set out in the South Yorkshire SPD. In addition the management structure of the programme has been set out. This thesis will now turn to creating a research framework through which to examine institutional capacity in the context of the SYO1 Programme.

Chapter 3: Developing a Framework through which to Explore Institutional Capacity

3.1 Introduction

The purpose of this chapter is to set out relevant theories and to develop a framework through which to explore institutional capacity in the context of the SYO1 Programme. It will outline a range of characteristics, which are central to any study of institutional capacity. There are two main steps to exploring such characteristics in the context of this research. The first is to identify the forms and processes of governance which will inform the setting in which the development of institutional capacity will take place. The second is to develop a framework through which a range of issues that may influence the construction of institutional capacity can be explored. The chapter will begin by reviewing the literature on institutional capacity and also outline the notion of institutional thickness. It will then turn to focus on theories on governance and policy-making, which are relevant to this study. Here we will outline the basic arguments behind the theories of multi-level governance (MLG), bureaucratic politics, contested governance, policy networks, and the state-centric model. This section will also indicate how these theories relate to the study of institutional capacity. The final part of the chapter will explain how institutional capacity in relation to the SYO1 Programme will be used to frame this thesis. As part of this model we have defined institutional capacity as consisting of four dimensions: stakeholders, strategy for developing capacity, partnerships and networks, and change through time.

3.2 Institutional Capacity and Evidence from the Literature

Exploring institutional capacity in the context of the SYO1 Programme allows us to examine a range of issues that have emerged from the current literature. Much of the work that has focused on the role of institutional capacity has been concerned with its impact on economic performance at the regional level. There has however been an increasing body of work, which focuses on the nature on governance and institutional capacity (Cars et al, 2002; Gibbs et al, 2001; Martin, 2000). The SYO1

Programme began at a time when there was a particular concern with shifting styles and process of local governance (Gibbs et al, 2001). There is a need to develop a framework through which institutional capacity can be defined and explored.

However we turn first to examining evidence from the existing literature. It has been argued that the key to success in local economic development is not only through the existence of advantageous physical assets or resources, but also through the emergence of socially and institutionally mediated forms of co-operation between actors (Raco, 1999). However the impact of such capacity building remains open to debate. Healey et al (2002) note how in some analysis, what they describe as 'place quality' is treated as an asset, made up of attributes such as labour market quality, research and development capacity, physical infrastructures, social networks and governance quality. Some places appear to have attributes, which foster economic innovation and are able to attract inward investment. Others do not (Amen and Thrift 1994; Healey et al 2002; Putnam 1993). Evans and Harding (1997) look in detail at the economic development field and ask whether powerful economic forces appear to be forcing governments to decentralise power and build up regional institutional capacity. According to their study there appear to be clear perceptions that gaps exist in regional institutional capacity with regard to innovation and technology transfer, regional banking and venture capital, research and development, image promotion and maximising the economic potential of regional arts and tourism attractions (Evans and Harding, 1997). Furthermore Evans and Harding (1997) support the view that regional institutional capacity matters to economic performance.

In contrast, Pike and Tomaney (1999), point out that such findings can be undermined by the loose and imprecise character of the key concepts set out. Notable in this regard is the extent, nature and scale of 'local institutional capacity', which often appears to be ill defined. It is also argued that empirical work has tended to focus on a geographically and sectorally narrow selection of regions, which have achieved relatively high growth rates and economic development (Gibbs et al, 2001). In contrast little work has focused on those regions trapped in declining or with slow growth trajectories such as those afforded O1 designation. Lovering (1999) also contends that wider state strategies and spending, which can have a

major influence on regional fortunes, tend to be ignored by an overemphasis on local institutional structures. Thus reductions in welfare expenditure or increases in defence spending, for example, have had a major impact on the relative levels of economic activity in different region. Prosperous and economically successful regional clusters, such as those on the M4 corridor, display little in the way of the coherent institutional capacity which has ostensibly been successful in the so called 'learning regions' which authors point to as examples of institutionally strong regions (Amin and Thrift, 1994; Lovering, 1999; Macleod and Goodwin, 1999), Lovering (1999) also argues that it is the politically constructed nature of local reality which also needs to be addressed in studies of regional economic competitiveness. Moreover as Pike and Tomaney (1999) claim, it is by no means clear that slow growing, or declining, economies can learn lessons from experience elsewhere.

Raco (1999) argues that developing local institutional capacities in one region may not maintain relative advantages for long, if the same competitive processes are operating or introduced elsewhere. Furthermore, as Amin and Thrift (1994) argue, institutions can in themselves become locked into cycles of reactive adaptation to global forces rather than with attempting to shape them. This can result in new investments rather than being 'held down' at the local level, becoming increasingly more difficult to 'hold onto' (Peck and Tickell, 1994). Central to this discussion is the argument that 'geography matters' to economic performance (Storper, 1997). In some analyses, the idea of 'place quality' is treated as an asset, made up of attributes such as labour market quality, research and development capacity, physical infrastructure, social networks and governance (Healey et al, 2002). In turn, some places seem to have attributes which foster economic innovation or attract inward investment (Amen and Thrift, 1994).

As this section has outlined much of the work that has explored institutional has tended to examine the result of the development of institutional capacity rather than the questions of 'how' and 'why' which are central to this thesis. Therefore there is a need to look deeper at how institutional capacity is developing and why. Healey et al (2002) note how a study of poor neighbourhoods in eight EU countries concluded that the effectiveness of localised services is not only a question of what is

delivered. Of equal importance or even greater importance is how and why and who programmes are delivered, that is the mechanisms of governance in the areas concerned. In this case services were often poorly matched to the needs assessed, other services had created dependence rather than independence, and to a large extent residents were regarded as passive consumers rather than active subjects (Allen et al 2000; Healey et al 2002). This section has noted that a number of important issues have been raised in relation to institutional capacity and regional economic development. There is however a need to view the construction of institutional capacity in the context of a programme such as O1. In developing a framework through which to study institutional capacity we aim to answer issues that have been raised in the literature.

In exploring the impact of institutional capacity on economic performance Healey et al (2002) explore the notion of governance capacity. The phenomenon of governance capacity is sometime referred to as the social capital of places (Putnam 1993). Other authors have equated Putnam's work with the concept of territorial milieu (Malmberg and Maskell, 1997). As Healey et al (2002) note with regard to the literature on regional economic innovation, there is an increasing emphasis on the quality of milieu, in exploring regional economic performance and relationships. This is a concept, which combines the material and mental experience of place, and the role of governance relations in sustaining and promoting these qualities (Amin and Hausner 1997; Hassink 1997; Maulert 2000). It acknowledges how some areas seem to bask in 'milieu' sustained by positive governance capacities while other areas suffer from governance relations, which are stuck in the past and have no longer any great significance for local economies and civil societies (Healey et al, 2002). It is argued that some governance relations act to privilege only strong economic interests while others are so riven with conflict and tensions that the necessary concentrated governance is therefore difficult to achieve (Healey, 2002). This is an issue that has arisen in the work by Amin and Thrift (1994) on institutional thickness which we will now outline in greater detail.

One attempt to categorise institutional capacity has been made by Amin and Thrift (1994). The notion of institutional thickness in regions derives from institutional economics and sociology. The idea here is that securing local economic success is

not solely determined by a narrow set of economic factors and/or financial inducements. Rather the capacity territorially to embed global process in place is now increasingly conditional upon a plethora of social, cultural and institutional forms and supports (Macleod and Goodwin, 1999). According to Amin and Thrift (1994, 14-15) the following four factors contribute towards the construction of institutional thickness. First, a strong institutional presence is required. This involves a variety of institutions of different kinds including firms, financial institutions, local chambers of commerce, training agencies, trade associations, local authorities, development agencies, innovation centres, faith organisations, unions, government agencies, providing premises, land and infrastructure, business service organisations, and marketing bodies. Amin and Thrift contend that while the number and diversity of institutions constitutes a necessary condition for the establishment of institutional thickness, they are not alone sufficient. A second factor is a high level of interaction amongst institutions in a local area. Institutions must be actively engaged with, and conscious of, each other, displaying high levels of contact, co-operation and information interchange. There is however no mention by Amin and Thrift of how to measure such interaction or indeed what constitutes high levels of contact. Third, as a result of these high levels of interaction there develops sharply defined structures of domination and/or patterns of coalitions resulting in the collective representation of what are normally sectional and individual interests. The fourth factor is the development among participants of a mutual awareness that they are involved in a common enterprise (Amin and Thrift, 1994, 14).

These four factors listed above constitute a model for local institutional thickness defined here as a combination of factors including inter institutional interaction and synergy, collective representation by many bodies, a common industrial purpose, and shared cultural norms and values. This according to Amin and Thrift (1994, 15) produces six outcomes in favourable cases. The first is institutional persistence. This is when local institutions are reproduced. Second, is the construction and deepening of an archive of commonly held knowledge of both formal and tacit kinds. Third, is institutional flexibility. This is described as the ability of organisations in a region to both learn and change. The fourth outcome is high motive capacity, which is not just specific to individual organisations, but is the common property of a region. Fifth, is

the ability to extend trust and reciprocity. The sixth and least common outcome is the consolidation of a sense of inclusiveness, that is, a widely held common project, which serves to mobilise the region with speed and efficiency.

Amin and Thrift (1994, 15-16) contend that the economic success of a region will increasingly depend upon the positive articulation between institutional thickness and economic variables, which in turn make it worthwhile for industry to remain in a locality. However it remains possible for a region to display institutional thickness, but not be regarded as economically strong. One such example is that of the North East of England which shows similarities with South Yorkshire. Both areas can be said to contain, pro-active local authorities, business related training initiatives, development agencies, government industrial development bodies and other institutions engaged in the business of promoting economic regeneration. In addition these two areas can be said to possess a strong regional identity, clearly identifiable business codes and rules of conduct. Yet in both cases the regions concerned can hardly be described as economically successful. Amin and Thrift (1994, 15) admit that institutional thickness may not always prove a benefit, conceding that it can produce resistance to change as opposed to encouraging an innovative outlook. This can be seen in regions, dependent largely on traditional industries but which are now in decline. This can lead to obstacles being placed in the path towards the institutionalisation of new processes and the creation of structures appropriate for a different economic base (Amin and Thrift, 1994, 16).

Allen et al's (1998) study of the South East of England shows that the region exhibited few of the features central to Amin and Thrift's notion of 'institutional thickness'. Indeed they claim that even in those places within the region where institutional thickness might have been significant, growth was predicated on other factors (Allen et al, 1998). Amin and Thrift (1994) directly pose the question of how to account for the success of area like the South East of England where institutional thickness is not readily apparent. Allen et al (1998) answer by pointing to the economic difficulties faced by the region in the early 1990's, arguing that the lack of institutional thickness in the South East helped to undermine the possibility of stable growth. Furthermore they contend that while an institutional thickness or capacity may not be a requirement for growth, its absence appears to make it

difficult to sustain it in the long run. Moreover, while the work of Amin and Thrift (1994) can give us a useful starting point by which to assess institutional capacity, a number of unanswered questions remain about what is happening and why. There is the need for a more definitive model as to what makes up the institutional capacity in a region, how this capacity is implemented, and how it evolves through time. The issue of time is an important component of any study on institutional capacity. As Healey et al (2002) note governance or institutional capacity is embedded in a complex local milieu which whilst interacting with all kinds of external influences, is not something which is a fixed asset, but rather can be seen to evolve through time. This thesis will now turn to developing such a framework through which this study of institutional engagement in the SYO1 Programme can be conducted.

3.3 Developing a research framework: Defining Institutional Capacity

The remaining sections of this chapter focus on developing a framework through which to examine institutional capacity in the context of the SYO1 Programme. There are three main steps: a definition of what is meant by institutional capacity; the creation of a theoretical basis through which to explain its development; and the formulation of a framework through which institutional capacity can be defined and explored.

One definition of institutional capacity is that it is the “ability of individuals, organisations and sub-regions to set out and implement development objectives on a sustainable basis based on questions of performance, effectiveness and accountability” (Land, 2000, 1). Institutional capacity is also viewed from a more dynamic perspective as a continuous process by which individuals, groups, institutions, organisations and societies enhance their abilities to identify and meet development challenges in a sustainable manner. In this definition, greater emphasis is placed on questions of role and relationships, attitudes and responsibilities. Healey (1998,66) describes the concept of institutional capacity “as the overall quality of governance as it affects individuals, their living places and their city or region, or as the capacity of the collection of relationships through which governance tasks are accomplished in any jurisdiction or political community”.

In attempting to develop a greater understanding of institutional capacity we can draw on existing literature in noting a range of characteristics, which will feature heavily in any definition of institutional capacity (Amin and Thrift, 1995; Healey, 1997). These characteristics involve the relational forms and processes of governance, that is, who is involved, who should be involved, and what density this involvement takes; the spatial and social reach of the relationships; how these relationships are enacted (through partnerships and networks). What capital (social, economic and political) exists to develop capacity (including material resources, people skills, knowledge, political influence and capabilities)? Finally we need to explore the performance of particular governance tasks, this could be by an individual's actions or through the development of a programme or initiative

Drawing from the views outlined above section this thesis will use the following definition for institutional capacity:

'Institutional capacity is the willingness and ability of key actors and agencies to establish and to sustain collaboration across institutions in order to achieve the goals of social and economic regeneration'

3.4 Developing a Theoretical Framework

The next step is the creation of a theoretical basis through which institutional capacity can be explained. In this regard the concept of governance in notions of institutional capacity is an important one. Healey (1998) argues that there has been a failure to consider the relational resources through which government activity is accomplished and, as a consequence, to assess what it takes to build institutional capacity. A key reason behind the popularity of the governance concept is its capacity to cover the whole range of institutions and relationships involved in the process of governing (Pierre and Peters, 2000). Central to this debate is the idea that there has been a shift from government to governance. However the use of governance can be somewhat confusing given the wide range of interpretations applied to it. It has become an umbrella concept for a wide range of phenomena including, policy networks (Rhodes, 1997), public management (Hood, 1990),

Multi-Level-Governance (MLG) (Marks, 1996), contested governance (Lloyd and Meegan, 1996), coordination of sectors of the economy (Hollingsworth et al, 1994) and public-private partnerships (Pierre, 1998). Given the possible confusion about the term, a definition about what governance means in the context of this study is required. Therefore in the undertaking of this thesis governance can be understood as “the way in which policy is now determined by a complex set of public, private and voluntary institutions operating collectively and interdependently at local, regional, national and supranational levels” (Stoker, 1996,6).

In building a theoretical basis to explore institutional capacity it is important to assess the impact of what is described as an ‘Europeanization’ of local governance (Harding, 1997). The EC can be said to be central to the promoting of the regional scale in the UK as the best method of increasing socio-economic prosperity and in encouraging regions and local stakeholders to be active partners in policy implementation (Gibbs et al, 2001; Lloyd and Meegan, 1996; Macleod, 1999). Partnership working has become a central requirement in European regional development programmes (Bachtler and Turok, 1996). Indeed there has been an emphasis on greater partnership working by the EU and UK government, involving closer consultations amongst the Commission, member states, regional and local authorities, and local stakeholders (Lloyd and Meegan, 1996). The aim of such a policy is to encourage participation in programmes like the SFs, beyond the public sector, to include business and voluntary and community groups who have tended to be excluded in previous EU and UK government regeneration initiatives (Boland, 1999a; Lloyd and Meegan, 1996; Shutt et al, 2002).

3.4.1 Exploring theories on Governance and Policy Making

The purpose of this section is to assess the relevance of traditional theories used to explain policy making in the EU, in determining developments in institutional capacity in South Yorkshire through its O1 programme. In undertaking this task it should be noted that a growing band of authors has suggested that a synthesis of approaches is necessary to explain events in EU SF programmes (Bache, 1998; Peterson, 1995; Richardson, 2001). Patterson (1995) conceptualised the EU as a

multi-tiered system of governance. He distinguished amongst different types of decision taking, the different actors which dominate, and the different types of rationality, which inform their actions, at various levels identified within the EU. Peterson, (1995, 71) concluded that no single theory could explain EU governance at all levels of analysis and that when it came to explaining “policy setting” or “policy shaping” decisions, “macro theories tend to lose their explanatory power”(Peterson, 1995, 84). In this context, as the understanding of EU policy processes became more sophisticated, it increasingly appeared to be the case that explanatory goals are best served by specifying the analytic strengths and limitations of approaches that work better in combination than alone (Richardson, 2001).

Contemporary theories of EU policy making have been dominated by new theoretical developments in both pluralist and realist traditions. In the pluralist tradition, Marks (1993) developed the concept of MLG to describe how the EU was moving towards a system of decision making in which power was shared across multiple levels of government: sub-national, national and supranational. This section will also explore the notions of CG and CMLG, which have emerged from the MLG approach. This approach contrasted with that followed by Moravcsik (1993) and Pollack (1995) amongst others, who continued to emphasise the role played by national governments. This section will also assess the policy networks approach developed by Rhodes (1981), and the role of bureaucratic politics. We will begin by outlining in turn the ideas behind: MLG (including CG and CMLG), state centric model, policy networks approach, and bureaucratic politics.

3.5 Multi-Level-Governance

At the core of MLG is the argument that collective decision-making and the independent role of supranational institutions are eroding the sovereignty of national governments in Europe (Bache, 1998). At the same time the MLG model still recognises that national governments “remain the most important part of the puzzle” (Marks, Hooghe and Blank, 1996, 346). According to MLG, member state executives, whilst powerful, are only one set amongst a variety of actors. MLG theorists posit a set of overarching, multi-policy networks. The structure of political

control is variable not constant, across policy areas, where political influence is dispersed among contending subnational, national, and supra-national actors. MLG theorists argue that, in a growing number of cases, none of these actors has exclusive competence over a particular policy. The presumption of MLG is that these actors participate in diverse policy networks. This may involve sub-national actors, interest groups and sub-national governments dealing directly with supranational actors. MLG theorists further claim that competencies have slipped away from central states both up to the supranational level, but also down to the sub-national level. Marks (1996) contends that three paths can be outlined which lead from central state control to MLG. This is known as the actor centred approach. This approach focuses on the notion that those individual in key positions of authority in national governments may have goals that are not consistent with simply defending central state competencies (Marks, 1996). First, government leaders may choose, or be forced, to concede some of their authority by shifting responsibility for certain elements of decision making to sub-national or supra-national actors. Second, government leaders shift authority for some decisions not because they want to free themselves of responsibility, but rather because some other issue or issues override any opposition. Third, government leaders are unable to stem the transfer of authority to sub national or supra national institutions (Marks, 1996).

In terms of the SFs, Marks identified three distinct phases of decision-making: bargaining the financial envelope, creating the institutional context and structural programming. The first of these phases concerned decisions over financial redistribution; the second involved administration of the SFs; and the third the operationalisation of CSF (Marks, 1996). Marks also made further distinctions at the implementation stage. He argued that variations in the involvement of actors at different levels varied with the particular stage of the implementation process (Marks, 1996). Four stages were identified: the formulation of national or more commonly regional development plans that became the basis of negotiation with the Commission; the transformation of regional development plans into formal contracts allocating resources (CSF's); the negotiation of CSF's into OPs, which detail the projects to be funded to achieve CSF priorities; and the implementation and monitoring of these OPs (Marks, 1996).

In commenting on national variations, Marks (1996) reached four main conclusions in explaining the pattern of political influence over the four stages identified above. First, the influence of sub national actors in member states is characterised by the same ordinal hierarchy, stage4→stage3→stage1→stage2 (Marks, 1996). This would mean that sub national influence in member states is greatest in the implementation and monitoring of OPs, and least in negotiation of CSFs with the Commission. Second, Marks (1996) argued that variations in political influence amongst different actors are greater across countries rather than within them. Third, the role of sub-national actors in SF programmes is more than a simple reflection of prior domestic arrangements. As such, SF programmes may have some effect on domestic territorial relations as a whole. Fourth, the role of the Commission, depends, in the first place, on its relative financial role: the greater the amount the EU provided relative to domestic structural spending, the greater the political influence of the Commission (Marks, 1996)

One of the advantages of MLG is that it indicates the existence of economic and political actors at various spatial scales: European, national, regional, and local. It is also claimed that “MLG is prominent in the implementation stage” (Marks, Hooghe and Blank 1996, 365). MLG theorists argue that this makes it perfect as a model through which to examine implementation of EU SF programmes (Bache, 1998). However the MLG model faces an important hurdle when applied to the application of the SF’s. This revolves around the institutional tensions that have emerged amongst European, national and local bodies and how these impact on implementation. Rhodes (1997) argues that MLG fails to explain why changes to the EU policy process have come about. Moreover, it is argued that Marks’s evidence most commonly refers to the participation of local and regional governments in decision-making and not to their effect on the outcomes of decision-making (Bache, 1998; Rhodes, 1997). The increase in actors suggested by MLG means consideration of policy implementation is essential for a more complex understanding of the EU policy process. We will need to explore whether MLG gives us this understanding. This thesis will return to this issue in Chapter 7.

3.5.1 Contested Governance

Evidence from the first MO1 Programme has led to claims that it was characterised by contested governance: a multi-dimensional contest over power, resources and accountability (Boland, 1999a; 1999b; Lloyd and Meegan, 1996). Moreover, such problems were not unique to Merseyside, but have been recognised as a common feature in many UK recipient regions (Bachtler and Turok, 1997). Evidence, which it is claimed is indicative of contested governance, is seen in the design of the MO1 SPD where a protracted argument amongst UK Government representatives, EU officials and the GOM occurred (Boland, 1999b). Another important factor in the MO1 Programme was that the delivery of the SPD was apparently undermined by asymmetrical and contested power relations between local stakeholders (Boland, 1999b). Such problems have not been confined to Merseyside. This suggests that in the context of SF programmes, UK regions have found themselves embroiled in an ideological dispute involving the British government and the EU, whilst at the regional level the privileged position of local authorities has resulted in the community and voluntary sectors feeling that their wishes have largely been ignored (Lloyd and Meegan, 1996). It is therefore important to assess whether these problems have reoccurred within the SYO1 Programme. Boland (1999a, 649) argues that evidence from previous SF programmes means that events can best be explained by fusing the concepts of MLG and CG together to form a theory of “a contested multi-level governance (CMLG)”. The value of using such theory can be seen by highlighting two sets of important issues: governance structures in contemporary Europe are multi layered, involving many actors from different spatial scales; and relations between the participants in MLG are indeed frequently contested (Boland, 1999a).

3.6 State-Centric Model

The second major theory to be outlined is the state centric model. Its assumptions are in line with the liberal intergovernmental approach followed by Pollack (1995) and, in particular, Moravcsik (1993). The state-centric model involves the idea that states or national governments are the ultimate decision makers, devolving only limited authority to supranational institutions in order to achieve specific policy

goals. Decision making in the EU is determined by bargaining among state executives. To the extent that supranational institutions arise, they serve the ultimate goals of state executives. The model does not maintain that state executives determine policy making in every detail, rather that the overall direction of policymaking is consistent with state control. EU decisions, according to the state-centric model, reflect the lowest common denominator among state executive positions. Although member state executives decide jointly, they are not compelled to swallow policies they find unacceptable because decision making on important issues operates on the basis of unanimity. This allows states to maintain individual, as well as collective, control over outcomes. While some governments are not able to integrate their own goals into EU policy as much as they might well desire, none is forced into deeper collaboration than it really wants. State decision making in this model does not exist in a political vacuum. In this respect, the state-centric model takes issue with realist conceptions of international relations, which focus on relations among unitary state actors. In the state-centric-model, state decision makers respond to political pressures nested within each state. So, the 15 state executives bargaining in the European arena are complemented by 15 separate state arenas that provide the sole channel for domestic political interests at the European level.

The core claim of the state centric model is that policy making in the EU is still dominated by states and that, according to Moravcsik (1995, 612), “the influence of supranational actors is generally marginal, limited to situations where they have strong domestic allies.” In exploring the construction of institutional capacity in the context of a EU programme like the SF, the following argument will be important in exploring the building of relations: “member states...establish the institutional context within which both the Commission and regional governments act, and it is within this intergovernmental context that the precise roles and influence of supranational and sub-national actors can best be specified” (Pollack, 1995, 362). In acknowledging the importance of implementation, Pollack (1995, 332) suggested that “the analysis of both EU structural policy making and the implementation of the SF’s should begin –but not necessarily end–with an intergovernmental analysis of the preferences of and bargaining among member governments”. Bache (1998) argues that despite concerns that the state centric model tends to understate the role

of sub national partners its conclusions about the underlying resilience of national governments has validity. The problem for state centric theorists is in accounting for the role played by other actors in SF programmes, without undermining their key argument that national governments remain the major players in the process (Bache, 1998). Furthermore, it has been argued that the concept of the state centric model fails to capture the complexities of relationships that will exist in the context of a SF programme like O1 (Bache, 1998; Peterson, 1995).

3.7 Policy Networks Approach

The policy networks approach was designed primarily to explain interest group intermediation in domestic politics. The European and British literature on policy networks can be seen to differ in one fundamental way. German and Dutch scholars see policy networks as being of much broader significance. To British authors such as Marsh and Rhodes (1992), policy networks are a model of interest group representation, which is superior to, and indeed can subsume, pluralism and corporatism. In contrast, authors such as Kickert (1997) view policy networks as a new form of governance. Here the nation state is no longer seen as having a superior, directive role, but rather is perceived as being one actor among several, each having roughly equal power. Public policy making in networks is about co-operation and consensus building. It involves an exchange of resources amongst actors. Policy failure may result from the absence of key actors, a lack of commitment to shared goals by one or more actors, or insufficient information or attention. Consequently according to Kickert (1997), the key to effective governance is effective management of networks. Rhodes (1997) argues that in contrast to America, where the legislature plays a more active role, it makes more sense when applying the policy network concept in Britain to talk of a relationship amongst the government department, the regulatory agency, and the interest group or groups. Two models of the policy networks approach are outlined here: Rhodes (1982; 1986) and the Marsh Rhodes typology (1992). The section will now turn to outlining the Rhodes (1981) policy networks model, which has been subsequently applied to the study of the EU by Peterson (1995) among others.

According to the Rhodes model, a policy network is a set of resource dependent organisations. Networks have different structures of dependencies that vary along five key dimensions: the constellation of interests; membership; vertical interdependence; horizontal interdependence; and the distribution of resources (Rhodes, 1988, 77-8). Rhodes distinguished five different types of network ranging from highly integrated policy communities to loosely integrated issue networks. Between these extremes on what is described as a continuum, are professional networks, intergovernmental networks, and producer networks, respectively. His framework was based on a theory of power dependence, which contains five propositions. First, any organisation is dependent upon other organisations for resources. Second, in order to achieve their goals, organisations have to exchange resources. Third, although decision making within an organisation is constrained by other organisations, the dominant coalition retains some discretion. Fourth, the dominant coalition employs strategies within known rules of the game to regulate the process of exchange. Fifth, variations in the degree of discretion are a product of the goals and the relative power potential of interacting organisations. This relative power potential is a product of the resources of each organisation, of the rules of the game and, the process of exchange amongst organisations. In this initial version of the model, central-local relations are a 'game' in which both central and local participants manoeuvre for advantage. This framework has been subject to many criticisms the most significant perhaps being its failure to distinguish clearly between micro, meso and macro levels of analysis so the links between them are not adequately explored (Kassim, 1993)

Rhodes later revised his earlier model. This later work distinguishes three levels of analysis (Rhodes, 1986). The macro-level of analysis of intergovernmental relations necessarily involves an account of the changing characteristics of British government during the post 1945 period. The meso-level of analysis focuses on the variety of linkages between the centre and the range of sub central political and government organisations. Policy networks are seen as being apt for this level of analysis (Bache, 1998). The micro-level of analysis stresses the behaviour of particular actors, be it individuals or organisations. The interrelationship between the macro and meso levels is seen as a key element in any explanation of the changing pattern of network relationships and their outcomes.

However Rhodes (1997) stressed that as networks are rooted in resources exchange, the distribution of resources between actors in a specific network remains central to any explanation of the distribution of power in that network. First, policy communities are characterised by stability of relationships; continuity of a restrictive membership; vertical interdependence based on shared service delivery responsibilities; and insulation from both other networks and the public. Policy communities also have a high degree of vertical interdependence and limited horizontal articulation. They are tightly integrated. Policy communities are normally based on the major functional interests in, and of, government. If, by contrast they encompass the major territorial interests as in Scotland, Wales, they are better described as territorial communities. Second, professional networks are characterised by the pre-eminence of one class of participant in policymaking, the professions. The most frequently cited example of such a network being the National Health Service. In short, professionalism networks express the interests of a particular profession and have a substantial degree of vertical interdependence, while insulating themselves from other networks. Third, intergovernmental networks are based on the representative organisations of local authorities. Their distinctive characteristics are topocratic membership; an extensive constellation of interests encompassing all the services of local authorities; limited vertical interdependence because they have no service responsibilities; but also extensive horizontal articulation or ability to penetrate many other networks. Fourth, producer networks are distinguished by the prominent role of economic interests, both the public and private sector, in policy making; fluctuating membership; dependence of the centre on industrial organisations for delivering the desired goods and for expertise; and the limited interdependence among the economic interests. Fifth, the distinctive features of an issue network are its large number of participants and limited degree of interdependence. Stability and continuity are at a premium and the structure tends to be atomistic (Rhodes, 1997).

Rhodes presents this model as a continuum. While it is easy to see why the policy community and the issue network are at the ends of the continuum, the location of the other types of network on the continuum is less convincing (Richardson, 2001). The model conflates two separate dimensions. Policy networks differ according to

their integration, stability and exclusiveness. However it has been argued that networks also differ according to which interest dominates them (Saward, 1992). Professional interests, economic interests or government may dominate a network, but the model suggests it is not possible for there to be such a dominated policy community. Given that they develop common interests by implication, policy communities are either dominated by government or they serve the interests of all the members of the community (Saward, 1992).

3.7.1 Marsh and Rhodes Typology

Various authors have highlighted different characteristics of policy networks and policy communities. Rhodes (1997, 43) argues that the most important factor is the degree to which any one or set of characteristics is present is a matter for “empirical investigation, not definition”. A further typology by Marsh and Rhodes (1992) builds on this point. They treat policy communities, policy networks and issue networks as types of relationships between interest groups and government. These are meso-level concepts, which leave open a wide variety of important questions for empirical analysis. This typology treats ‘policy network’ as a generic term. Here networks can vary along a continuum according to the closeness of the relationships within them. Policy communities are at one end of the continuum and involve close relationships; issue networks are at the other end characterised by loose relationships. A policy community has the following characteristics (Marsh and Rhodes, 1992). There are a limited number of participants with some groups consciously excluded. There is frequent and high quality interaction amongst all members of the community on all matters related to the policy issues. There is consistency in values, membership and policy outcomes, which persist through time. A consensus exists, with the ideology, values and broad policy preferences shared by all participants. All members of the policy community have resources so the links between them are exchange relationships. Thus, the basic interaction is one involving bargaining amongst members with resources. There is a balance of power, although it may not be the case that all members benefit equally but one in which all members see themselves as in a positive sum game. The structures of the

participating groups are hierarchical so leaders can guarantee there are compliant members.

The Marsh and Rhodes (1992) model is an ideal type and no policy area is likely to conform exactly to it. The characteristics of a policy community can be fully understood when compared with an issue network (Marsh and Rhodes, 1992). The issue network involves only policy consultation and has the following characteristics. There will be many participants. There tends to be fluctuating interaction and access for the various members. There is a limited consensus and ever-present conflict. Interaction is based on consultation rather than negotiation or bargaining. An unequal power relationship exists in which many participants may have few resources, little access and no alternative (Marsh and Rhodes, 1997). As Rhodes (1996) contends, the implication of using a continuum is that any network can be located at some point along it. The next part of the chapter will look at how the concept of the policy networks approach has increasingly been used in attempts to analyse EU policy making.

3.7.2 Policy Networks and the analysis of EU Policymaking

The 1990's saw an increasing interest in policy networks, especially in attempts to describe EU policy making. Mazy and Richardson (1993,253) conclude their study by arguing that "at the EC level there are indeed quite significant variations in the nature of policy networks, but there is at least a case to be made that the network concept is quite useful". In applying the later Rhodes model to the study of the EU, Peterson (1995) differentiates between super-systemic and systemic levels of decision making at EU level. The former is concerned with history making decisions, usually taken at EU summits by the European Council, which transcend the EU's ordinary policy process. Systemic levels concerned with policy setting decisions, where choices are made by alternative courses of action according to one of several versions of the Community's method of decision-making (Peterson, 1995, 73). In this model, organisations within networks are interdependent. Each organisation is dependent on others for resources: financial, informational, political, organisational, constitutional or legal. It is the extent to which an organisation controls and can mobilise these resources that determines its power in a given

situation. These resource dependencies are the key variable in shaping policy outcomes.

A particular strength of the policy networks approach is its emphasis on policy implementation. As Bache (1998, 27) states “the importance of policy implementation has long been established in studies of domestic policies, but rather neglected in the study of the EU”. The problem for the European Commission in securing policy objectives agreed at EU level is its dependence on national administrative systems for policy implementation. Consequently the implementation stage of EU policy making can offer national governments considerable scope for shaping policy outcomes. Where the system of government in a Member state is highly centralised, the scope for national government influence within the domestic networks is that much greater. However the implementation stage of EU policy making broadens considerably the number of actors involved in the policy process so that the nature of conflict over policy may change and new tensions may arise. Thus, the involvement of new actors at the implementation stage may also present new opportunities for the Commission. However, Bache (1998, 28) states that “while the policy approach can help explain policy making in the EU, it does not constitute a predictive theory”. Its usefulness is restricted to providing a tool for analysing links between types of government units, levels of government, and governments and other parties (Bache 1998). The policy networks approach may therefore help explain areas where theories such as CMLG, are unable to provide assistance.

One of the central strengths of the policy networks model is that it helps us make sense of complex policy making situations, which feature a large number of effective actors as in the case of SF programmes (Peterson, 1995). The policy networks model is pitched at a relatively low level of EU politics and is therefore relevant for the study of events at the local level. Moreover it may be best able to explain policy-shaping decisions taken at a relatively early stage of the policy process, when options or proposals are being formulated (Bache, 1996). Peterson (1995) argues that its emphasis on the idea of networking makes it particularly apt for explaining how EU policies are shaped through informal exchange and bargaining amongst a diverse variety of actors. It therefore appears relevant for a

study of institutional capacity across a wide range of stakeholders involved in the SYO1 Programme. However, in response Peterson (1995) acknowledges that policy networks is less well equipped to explain decisions which set policy after policy options have already been formulated. This section has set out two typologies of the policy networks approach. How useful this approach is in explaining the development of institutional capacity in the context of this study will be examined in the concluding chapter of this thesis.

3.8 Bureaucratic Politics

Bureaucratic Politics takes two main forms: bureaucratic competition amongst (and even within) institutions and the organisation of the policy process around functional policy areas, sometimes referred to as fragmented public policy-making (Radaellie, 1999). This latter approach has been made popular by Allison (1971), among others in relation to international politics, and Downs (1967) in the context of domestic politics. The component units of a government administrative apparatus are assumed to be quasi-autonomous actors with their own goals, which they pursue through the policymaking process. Many or most of these goals may be held in common with other organisations in government, or are confined to a particular organisation. Some organisation goals are described as being ‘purposive’, concerned with achieving policy goals, while others are ‘reflexive’, having to do primarily with enhancing the power and prestige (or at a minimum the survival) of the organisation itself (Peters, 1992).

One example of this approach is the work of Peters (1992) who provides a broad account of EU policy-making arguing that it is best understood as “bureaucratic politics” with decision-making taking place in “policy communities” (1992,77). Peters (1992,81) argues that EU policy-making is both differentiated and specialised and “many policy communities or networks appear to exert greater influence, if not control, over public policy, more than in most national governments in Europe”. According to Peters three interlocking games recur in EU policy making: the national game in which member states try to maximise returns from EU membership; the institutional game in which institutions “seek to gain more power relative to others”; and the bureaucratic game in which the Directorate-Generals of

the Commission “compete for policy space” (Peters 1992, 106-107). In the context of the SFs, bureaucratic competition can occur both amongst the institutions of the EU, central government departments, EU Directorates General but also within these institutions leading to what have been described as ‘turf battles’.

Studies of the Commission offer a picture of DG’s with different administrative cultures (Cini, 1996) and diverse policy frameworks (Harcourt, 1998). Similarly, studies of UK central government departments have highlighted conflicts in relation to roles and resources (Downs, 1967; Rhodes, 1997). For example, DG IV has developed its own culture of competition policy and tends to see policy issues through the lens of competition. By contrast DGXV, the single market Directorate, is recognised as the most ardent supporter of a single market approach to policy issues. Under these circumstances bureaucratic politics filters into the Commission itself, with the respective DG’s pitched against each other. Fragmentation, coalition formation, bargaining, networking and negotiation in functional areas are the second feature of bureaucratic politics. This has important consequences. One is that choices are insulated from macro-political scrutiny and public oversight. Another is the intense competition for power (as opposed to learning and more co-operative problem-solving styles) in the policy process (Radaellie, 1999). With regard to the construction of institutional capacity, it is argued that in this approach, actors will strive to preserve their own powers, even at the expense of reducing the capacity to make good policy (Peters, 1992). Rhodes (1997) argues that the account by Peters (1992) is too broad in its description pointing to the fact that it does not explain links between the policy communities and the ‘three games’. Furthermore it is argued that although the bureaucratic politics approach offers a useful insight into how institutional actors within the EU policy process may behave, it tends to ignore the personal beliefs and experiences of individuals within these institutions (Richardson, 1997).

3.9 Reforms of the SF's, Institutional Capacity and Theories of Governance

Chapter 2 outlined reforms to the SFs since 1989. This section will review these reforms and consider the applicability of the theories outlined above. It would appear that the reforms of 1989 brought with them considerable change to the policy sector (Sutcliffe, 2000). The importance of the policy sector within the EU increased along with a parallel increase in financial allocations. The number of actors involved increased in so far as the partnership principle drew in sub-national actors. Policy-making rules and procedures were amended, most notably by the adoption of the new planning procedure. The particular importance of these procedures was that they sought to impose uniform SF implementation procedures across the whole of the EU (Hooghe, 1996).

However, the true impact of these reforms has been brought into question. Pollack (1995) argued that an intergovernmental perspective could explain the content of these regulations. This argument related to the belief that central governments of wealthier member states agreed to the new procedures because they allowed for better monitoring of the increased EU resources being spent in the poorer member states (Pollack, 1995). In contrast, Hooge (1996, 100) argued that while “state executives preferences and intergovernmental bargaining can adequately explain the initiation and evolution of the budgetary envelope... the EC emerges as the pivotal actor in designing the regulations”. Indeed Sutcliffe (2000) argues that the pattern of policy-making established by the reforms of the SFs at times appeared to work against the interests of one or more central government(s). As such in a purely intergovernmental framework, an increase in the overall size of the SFs could address the difficulties faced by the peripheral regions and member states. However the 1988 reforms can be seen to have instituted more than an increase in available funding. They can also be seen to have given EU institutions, and the Commission in particular, an expanded role in policy making at the EU level.

Four major changes are suggested as evidence of a weakening of central government control (Sutcliffe, 2000). First, the 1988 reform broke the strong connection between the SFs and central governments’ regional spending. The Commission had ultimate responsibility for selecting O2 and O5b regions based on

criteria set out in the regulations. Second, the new programming principle allowed the Commission greater influence in determining where, and how, the SF's would be spent. Despite Pollack's arguments, not all governments of wealthier member states welcomed this development. This is particularly true of the UK where worries were expressed that these reforms would leave the Commission in the position of being able to impose its own preferences on member states (Sutcliffe, 2000). Third, the additionality principle was strengthened which allowed the Commission to be more assertive in monitoring the use of the SFs. An example of the Commission's role here came in 1991-92 when the Commission blocked a UK application for funding from the RECHAR community initiative, until the UK government met the Commission's requirements for verifying additionality (Bache, 1998). Fourth, the 1988 reforms increasingly drew sub-national actors into the policy sector.

Evidence from previous SF programmes suggests that an increase in the number of stakeholders has brought with it battles over governance (Boland, 1999a; Lloyd and Meegan, 1996). This complements thinking presented by John (1996). He argued that at the same time as UK local political institutions are responding to the EU by seeking to influence supra-national policy, central government is limiting the autonomy of locally elected governments particularly in relation to EU funded programmes (John, 1996). The effect of the territorial allocation of European responsibilities and resources has been, at least partially, to change power relationships both within the UK nation state and within the EU. As local authorities are the main administrative bodies responsible for European programmes they can develop a special relationship with supra-national policymakers. John (1996) also points out how the apparent successes in devolving power to sub-regions have often been circumvented by central government in the implementation phase.

The 1993 reforms also brought about contrasting claims as to how best to explain the decisions made. Pollack (1995) argues that the 1993 reforms represented a renationalisation of the policy sector and that, consequently, an intergovernmental perspective best explains the development and subsequent operation of the policy sector. Sutcliffe (2000) contends that there is some validity to this argument in that central government retained control over the administration of European regional policy. John argues that weak resource dependencies in the UK mean that central

government has retained its influence on the distribution of the funds with the 1989 reforms of the SFs taking away responsibility for administration from Brussels and placing it mainly in the hands of the nation state (John, 2000). In the UK, civil servants have dominated monitoring committees by appointing participants, chairing meetings and setting agendas. The reform of the funds in 1993, whilst attempting to widen the scope of partnerships and numbers of partners, also helped to intensify this process. However it can also be argued that the 1993 regulations did not amend the fundamental principles of the regulations and did not, therefore, result in a complete renationalisation of the sector (Sutcliffe, 2000). Moreover, the reforms were not as radical as some central governments advocated. Sub-national actors continued to play a role in the development of SF programmes, a role that would be increased under the 1999 reforms (Sutcliffe, 2000). This section has presented four theories, which may offer the basis for a theoretical explanation of the development of institutional capacity within the SYO1 Programme. The final part of this section assesses the potential of the various theories in understanding the development of institutional capacity.

3.9.1 Assessing the Utility of the Four Approaches

Issues raised in the empirical chapters 4, 5 and 6 of this thesis will provide a base through which to assess the relevance of the theories of MLG, state-centric model, policy networks, and bureaucratic politics in explaining the development of institutional capacity. This section will discuss how these four theories deal with the three interlinked dimensions identified in this thesis, which are central to the construction of institutional capacity. The three dimensions to be assessed are: stakeholders, implementation, and power. The literature on institutional capacity has noted the importance of identifying how and who delivers programmes. Therefore the identifying of whom the stakeholders are is the first task in explaining institutional capacity. The next stage needs to tell us how a programme is being delivered through the implementation process. Finally recognition of what 'power' stakeholders have over the process and the impact on relationships and direction of the programme is also required. As Dryberg (1997) argues power can be defined both as the power to control the actions of others and as the power to act. Healey et al (2002) contend that in the social relations of governance processes, these two

forms of power can often be found in obvious tension. In the context of this study the notion that politicians and officials fear to let go in regeneration partnerships is a recurring issue. Therefore, in this instance it is important to assess how best to describe and evaluate power dynamics within any given situation given that power in this instance may be situational. 'Power' in this instance can be defined as the level of influence each group or individual has in achieving its own aims within the SYO1 Programme. Table 3.1 provides a summary of what each approach tells us about these dimensions.

Table 3.1 Developing a Theoretical Framework: Explaining Institutional Capacity

	Description of Participants	Implementation	Power
MLG	Focuses on the growing importance of sub-national actors in EU Programmes. Says little about horizontal relationships within sectors	Acknowledges implementation as important stage in SF programmes. Offers subdivision of the implementation stages in SF programmes	Recognises that while central government remains major player, emphasises increasing power of sub-national actors particularly in SF programmes.
State-Centric	Focuses on the importance of central government. Says little about cross-sector relations within government departments.	Tends to focus not on the implementation process, but on the conditions under which implementation takes place	While recognising that sub-national actors may be involved argues that power remains firmly with central government.
Policy Networks	Recognises that policy process will involve relationships on both a horizontal and vertical level.	Recognises the impact power has on implementation and vice versa. Fails to address conditions under which implementation takes place.	Offers power dependence model. This states that power is situational in a SF programme.
Bureaucratic Politics	Focuses on horizontal relationships that exist between actors. However focus tends to be at EU and central government level says little about sub-national partners.	Actors use their expertise to maintain and influence bureaucratic procedures to help preserve their own powers	Power is characterised as a 'competition for policy space'. Again power is seen as being situational

3.9.2 Description of Participants

The first dimension concerns the participants or stakeholders of the SYO1 Programme. This involves examining what the four theories can tell us about who is involved. All four theories recognise that the number of potential stakeholder groups may be large. The real issue is the degree of participation and influence stakeholders may have and how this impacts on their willingness and capacity to collaborate. According to Bache (1998) a key problem for advocates of the state-centric approach is in accounting for the role played by other actors, notably the Commission, without undermining their key proposition that national governments dominate the process. Meanwhile, the problems for MLG theorists is in justifying the importance of ‘other actors’, particularly sub-national governments, while acknowledging that national governments remain the major players in the process. However, it can be argued that the failure to address cross sector relations in both of these theories resulted in the greater failure of not capturing the true complexities of the policy process. Thus, it would be difficult to sustain the arguments of the state-centric approach and MLG in their purest forms. Chapter 4 also identifies the need to add a spatial dimension in assessing stakeholder groups. This is largely ignored in all four theories.

3.9.3 Implementation

The second dimension concerns implementation. All four theories generally fail to explain how the bureaucracy involved in implementation of SF programmes impacts on power relations. Indeed although Marks (1996) acknowledges implementation as an important stage in the policy process offering, in terms of SF programmes, a subdivision of the implementation stages. MLG can be said to offer little concerning how the implementation stage develops. Furthermore, Jeffery (2000) argues that neither the empirical work by MLG theorists on how sub-national actors mobilise, nor the more theoretical work on understanding the conditions in which they are likely to mobilize, throws light on the most important question in relation to sub-national mobilisation: has it made any difference? The increasing involvement of sub-national actors in SF programmes has been evident in this thesis. However,

whether this signals any real change in the structure of decision-making is not clear. As Jeffery (2000) notes mobilisation and influence are not necessarily synonymous.

In contrast to MLG, state-centric theorists have tended to focus not on the implementation process, but on the conditions under which implementation takes place. The main argument presented by state-centric theorists is that central government as the member state remains ultimately responsible to the European Commission for the successful implementation of SF programmes and as such retains considerable powers. However, in the case of the UK this responsibility is divided amongst four government departments. Thus the failure to address vertical relationships again reduces the explanatory scope of the state-centric model. The bureaucratic politics approach argues that well educated and resourced staff will develop and implement procedures that reinforce control for their particular department or organisation. Meanwhile, the policy networks approach while recognising the impact implementation has on power relations and vice-versa, fails to address the conditions in which implementation takes place. There is also little explanation as to how the bureaucratic demands of a SF programme discussed in this thesis will impact on relations amongst the various stakeholder groups.

3.9.4 Power

The identification of relevant stakeholders and their involvement in the SYO1 Programme impacts on the next dimension to be discussed, that of power. The MLG approach although recognising the major role played by central governments argues that SF programmes indicate the increasing importance of sub-national actors through the principle of partnership. In turn, the state-centric continues to stress that national governments dominate the process. Within the framework of the state-centric model, Moravcsik (1993, 484) allows for a degree of what he terms ‘agency slack’. Thus, within the relationships that exist with a SF programme, there is on occasion some limited discretion allowed to non-governmental actors. However,

evidence that has emerged from this study suggests that stakeholders at both EU and sub-national level have been able to pursue a wider set of interests than those directly delegated by central government. From interviews conducted with voluntary and community participants there appears little doubt that they are aware that other stakeholders now require their input and involvement, at the very least in terms of the role of 'third sector' partners in scoring projects at partnership level.

It should also be noted that neither the MLG nor state-centric approaches, state precisely what is meant by the term 'governance' and neither do they state how decision-making is shared. In addition, neither MLG nor state-centric theories offer an adequate explanation of what level of influence is required to confirm their arguments. At certain stages of the policy process either theory might claim to have some merit. However, neither MLG nor state-centric approaches fully capture the complexities involved in relationships building that will develop institutional capacity, which have emerged in this study. Moreover, this study has also noted how the relative influence of actors may fluctuate at different stages of the policy process and over time. Therefore, there is need for an approach, which gives the fullest consideration to the role played by all stakeholders throughout the stages of the programme.

The bureaucratic politics approach suggests that relationships and their impact on power will be more complex than is stated in the MLG and state-centric approach. However, it is rather broad in its analysis and tends to ignore the role played by sub-national actors. It is the policy networks approach which offers most help in explaining relations within the SYO1 Programme through the power dependence model. This model is discussed in greater detail in the policy networks section of this chapter. It can be argued that the power dependence concept allows for a greater understanding of the relative influence over policy outcomes at the implementation stage. As Knoke (1990, 2) acknowledges "power enjoyed on one occasion may not be transferable to other sets of conditions". Furthermore Bache (1998) argues that the Rhodes model provides a useful tool for understanding the dynamics of SF partnerships in particular.

The framework set out below, through which institutional capacity will be explored, gives us a base to look at issues raised in this chapter and to assess which, if any, of the theories outlined above are best able to explain the events unfolding in the SYO1 Programme. This section has identified three main dimensions that need to be assessed in exploring the development and construction of institutional capacity. The first of these dimensions involves identifying who the stakeholders are and what aims and goals they have. The second is concerned with exploring how the implementation process impacts of the development of institutional capacity. The third revolves around the issue of power and how the level of influence of stakeholders affects relationships within partnerships and networks that are built up. This chapter now turns to setting out the framework through which these dimensions identified here can best be explored. This thesis will return to the theories outlined here in Chapter 7 where a theoretical framework that best explains the development of institutional capacity will be set out.

3.10 Institutional Capacity in the context of the SYO1 Programme

It has been argued that the process of local governance should focus on constructing alliances at the local level a variety of institutions which can then work collaboratively towards common, shared agendas (Amin and Thrift, 1994). It is through the development of the soft infrastructure of institutional relations and partnerships that trust, reciprocity and mutual awareness can be established, thereby creating institutional capacity. Therefore the definition of institutional capacity set out previously in this chapter can be operationalised through a relational model composed of four main dimensions: stakeholders, strategy for developing capacity, partnerships and networks, and change through time. These dimensions provide the structure through which institutional capacity will be explored in the remaining chapters of this thesis. The next section will address each of these dimensions in turn.

3.10.1 Stakeholders

Bryson (1992, 14) states that a stakeholder, in the context of a programme such as O1, can be described as “any person, group or organisation the causes or

consequences of an issue related to the programme”. In mapping stakeholders in the context of the SYO1 Programme, it is important to note that the development of SF programmes has taken place in the context of changing regional, national and European policy programmes, which have been outlined in Chapter 1 of this thesis. On the domestic scene in particular, the UK government has introduced a wide range of measures that aim to strengthen regional economic development and to seek new synergies between European regional programmes and domestic urban and rural policies. A new emphasis has been placed on introducing a ‘joined-up’ approach to policy making wherever possible and practical (Cabinet Office, 2000). The idea being that sustainable regeneration can best be achieved with the support of, and input from, the whole of the community. In constructing a stakeholder’s map for the SYO1 Programme a number of questions need to be addressed. These involve; who are the stakeholders? How can each stakeholder influence the policy change effort? What are the aims and expectations of each stakeholder? Can the different goals of stakeholders fit together into a coherent programme?

This process begins by looking at who the stakeholders are in the SYO1 Programme. Evidence from literature suggests that the number of stakeholders is likely to be large (Bryson, 1997; Healey, 1997). This is certainly the case in the context of the SYO1 Programme. The key question is whether the level of any involvement on the part of a stakeholder is sufficient to achieve intended policy aims (Gunn, 1978). It can be argued that those responsible for developing the programme should put in place a strategy, which can be tracked and then involve all those who should have a stake in the programme. Furthermore, there is a need to ensure that such involvement is of sufficient level to achieve defined objectives (Healey, 1997). The success of such a strategy will be explored more fully in the ‘design’ aspect of the framework in Chapter 5.

The next step in building a stakeholder map is to consider the resources and relationships stakeholders draw on to influence policy changes during design and implementation. In exploring the construction of institutional capacity it should be noted that studies on community and business involvement in SF and UK government programmes suggest that these sectors have, by and large, remained on the margins of power (Osborne, 1998; Taylor, 2000; Harding, 1996; Wilks-Hegg

and Hutchins, 2000). This marginalisation may be as a result of the rules of engagement for regeneration programmes remaining with government and/or the EU (Taylor, 2000). Abbot (1996) argues that the degree of influence a community can have on any government will depend on two factors: the openness of government, and the complexity of decision-making. Where government is closed and decisions complex, communities tend to be excluded. Where government is open and decisions simple, communities tend to be included, through community development and management arrangements. When issues are complex, the placing of control for implementation into the hands of communities without their involvement in the wider policy-making process has been referred to as a form of community manipulation (Abbot, 1996). Abbot sees an area of consensus when government is open and decisions complex. Here it is argued an approach of negotiated development is required (Abbott, 1996). While there is little doubt as to the complexity of regeneration programmes such as O1, the openness of government in the context of such programmes is more a matter for debate. It has been argued that national government has various roles to play in providing a framework within which competing interests can best be resolved, as an orchestrator of resources, as a broker amongst different interests and as an investor in capacity and assets for those who are systematically excluded (Abbot, 1996). The notion of an arena of consensus seems to be borne out in evidence from studies conducted on previous O1 programmes (Boland, 1999a, 1999b; Evans, 2001).

The next step in mapping potential stakeholders is to specify their goals in relation to, and their expectations of the programme.

Table 3.2 Importance of Priorities to Stakeholders

	Public Sector	Education Sector	Voluntary/ Community Sectors	Private Sector
Education and Training				
Restructure the Economy				
Sustainable Development				
Information Society				
Social Inclusion				
Business Competitiveness				
Equal Opportunities				

(Adapted from SYF 2000)

Table 3.2 helps to develop a framework to decipher the potential policy goals of different stakeholders. However, other stakeholders such as national government and the EU will also be involved and will have their own aims and expectations for the programme. There is likely to be great conflict amongst and within stakeholder groups, over what should be the goals of the programme.

In exploring the potential coherence, we need to assess what is the economic model, which is the driving force behind the programme. This will help to explain whether

the different goals of stakeholders can be brought together under such a model. Hooghe (1998, 458) defines two dominant contending economic models in the field of regeneration policy: neoliberalism and regulated capitalism. Hooghe (1998,458) defines neoliberalism as being where markets are insulated from political interference by combining European wide market integration within sovereign political regulation vested in national governments. According to neoliberals, this situation should generate competition amongst governments in terms of providing a national regulatory climate which mobile factors of production find attractive. In contrast supporters of 'regulated capitalism' want to create a European liberal democracy capable of regulating markets, redistributing resource and shaping partnerships across public and private actors. They contend that the single market will work more effectively if political actors provide collective goods such as regional development. Those in favour of a regulated capitalism argue that redistributive policies empower weaker actors so that they can compete in a liberalised market. Hence ongoing collaboration among public and private actors is likely to reduce costly social conflict and enhance mutual learning.

According to Hooghe (1998, 459), the 1998 reforms of the SF's "reflected core principles of European regulated capitalism". One of the most important aspects of this reform is the partnership principle that seeks to empower sub national actors so that EU led regeneration partnerships come to consist of public, private and third sector voluntary and community actors. Bache (2001) notes how UK governments before 1997 tended to favour a neoliberal approach to regeneration policy and as a consequence were less proactive than the EU in terms of closing gaps between social groups and individuals. Rather UK governments favoured the notion that social cohesion could be improved by promoting a free market approach leading to improved efficiency and employment. The election of a Labour Government in 1997 suggested that the UK would move closer to the regulated capitalism favoured by the EU (Bache, 2001). The raft of regeneration policies, from SRB to NRF, advocating a joined up approach and an increasing focus on 'capacity building' suggested that such a move was indeed happening. However this desire for a joined up approach to regeneration has also gone hand in hand with support for a free

market approach suggesting greater backing for a more neoliberal approach that might first have appeared the case in 1997 (Lloyd et al, 2001; Wilson, 2000).

3.10.2 Strategy for Developing the Capacity

There are three distinct levels at which strategy is to be explored: design, management and administration. First, this thesis has already discussed how research has shown that SF programmes in the UK have been affected by battles over governance issues between the UK government, the EC and local partners (Boland, 1999a; Lloyd and Meegan, 1998). In Chapter 5 this thesis examines the degree to which such a situation is evident in the SYO1 Programme. Chapter 5 will also assess the extent to which SPD reflects the result of a joint thinking and idea sharing by all relevant partners or is a compromise.

Second, Chapter 5 will assess the structure of the management of the SYO1 Programme and the affect on power relations that this may have. Chapter 2 notes how research has shown that implementation of SF programmes can be problematic (Ekos, 1999). This also proved to be the case in the O2 Programme for Yorkshire and the Humber where considerable time and effort was expended on resolving issues relating to the management and administration of the O2 programme (Ekos, 1999). It is important therefore to assess whether such problems re-occur and the impact they may have on capacity or whether lessons can be learned from past programmes. The dimension of *change through time* will feature highly in this regard. One of the most important developments within the SYO1 Programme has been the introduction of DPs into the management structure. Chapter 5 will analyse the impact of this new structure and the subsequent changes in the management structure that came about in early 2002.

Third, studies have shown that one of the main difficulties for partners has been the inability to obtain funding required for potential projects (Boland, 1999a; Lawless, 2001). With regard to SF programmes much of the focus has been on the difficulties, particularly for voluntary and community partners, in obtaining match

funding. ERDF and ESF expenditure is awarded up to a maximum of 50% and 45% respectively, leaving applicants to find additional matched funding from elsewhere. In the United Kingdom matched funding has tended to be at the project level. This emphasis on project-level matched funding has accentuated two problems: securing match funding in the first place and then ensuring synergy and synchronisation across what can be a wide range of domestic and EU funding regimes (Lawless, 2001). It is important to assess whether such difficulties continue to prevail in regeneration programmes and how much this will impact on the process. It is also important to assess difficulties that may arise from the fact that projects may have to be paid for before funding is received and the effect this has may have on different sectors.

3.10.3 Partnerships and Networks

The move towards 'partnership' is seen as being a defining feature of regeneration policy in the UK since the 1990's (Carley et al, 2000; Lawless, 2001). There has been an increasing focus on the importance of networks and partnerships in successfully implementing SF and UK government programmes. It is therefore important to assess the capacity of partners to sustain networks and partnership working. The first step in this process is to define what is a partnership and network. 'Partnership' is one of the most common words in the vocabulary of local economic development and is increasingly used in different contexts. This lack of clarity can lead to confusion over the purpose of, and roles for, the partners concerned. Bachtler and Taylor (1996, 731) state that the degree of real partnership in implementation structures, as required by SF regulations, can be suspect. Such failure may be in part, due to the rather ill defined notion of partnership as supplied by the Commission, which has defined partnership as follows,

"Community operations shall be such as to complement or contribute to corresponding national operations. They shall be established through close consultations between the Commission, the Member state concerned and the competent authorities and bodies- including within the framework of each member state's national rules and current practises, the economic and social partner designated by the member state at national, regional, local or other level, with all

parties acting as partners in pursuit of a common goal. These consultations shall hereinafter be referred to as the partnership" (CEC 1993, Article 4). One definition of a network is put forward by Lowndes and Skelcher (1998, 336). They contend that networks arise from, and are sustained by, relationships between individuals over shared concerns, beliefs or values. They tend to be voluntaristic in nature. Networks are not formally constituted entities and therefore their boundaries are often indistinct or fuzzy. They are also dynamic due to the changing intensity and nature of an individual's relationships with other network members and whether he/she sees themselves, or others perceive them, as part of the network.

Formalisation is low in this definition of a network. In contrast Lowndes and Skelcher (1998, 336) define partnerships as involving organisational rather than individual relationships. These may arise voluntarily or alternatively they can be imposed with most regeneration programmes now requiring partnership involvement before funding is granted. Partnerships will tend to have a formal bias, involving such devices as a company structures, board or memorandum of agreement. As such partnerships have clear boundaries. This encourages stability in terms of membership and its operation will be formalised through boards and committees.

In the context of a regeneration programme such as O1 there are three main benefits that can result from partnership working (Carley et al, 2000; Lawless, 2001). First, partnerships help to coordinate skills and resources across a range of different providers, interest groups and agencies (Lowndes and Skelcher, 1998). As such they can achieve an additionality, which may not be possible if each organisation works in isolation (Lawless, 2001). Partnerships are seen as being especially effective in dealing with 'wicked' issues, which have proved difficult to address, through the more traditional departmental- centred structures of local and central government (DETR, 1999; Lowndes and Skelcher, 1998). Second, partnerships are said to bring a sense of legitimacy to projects and programmes (Hutchinson, 1994). Third, partnerships are seen as a vehicle through which to foster capacity building (Carley et al 2000, Taylor, 2000). However, a number of difficulties have also arisen from partnership working. These include, the complexities of partnership working, misunderstanding of what partnership work entails and what the benefits are,

partnership overload, and a disparity in resources between stakeholders. Chapter 6 will explore these issues in greater detail.

3.10.4 Change through Time

In exploring institutional capacity it is important to note that it evolves through time and is not something, which is set in stone. Therefore, it can be argued that it will be necessary to assess how stakeholders change through time and their ability to react to the evolving nature of the programme. Two particular aspects are to be examined. The first is to look at whether stakeholders have been able to learn from previous experiences of similar funding regimes or from regeneration programmers in other areas. The second concerns the SYO1 Programme and whether stakeholders are able to change and react to the ongoing programme and if some stakeholders are able to respond more flexibly than others to changes that occur during the lifetime of the programme. This dimension is a central element of this study. The use of repeat interviews allows for this dimension to be assessed in the context of an evolving programme such as SYO1. The dimension of change through time will be explored through, and is an important component in, the empirical chapters of 4,5 and 6.

3.11 Conclusion

This chapter has set out the framework through which to explore institutional capacity in the SYO1 programme. It begins with a literature review of institutional capacity. It then turns to developing a framework through which to explore institutional capacity. This involves outlining how institutional capacity will be defined in the context of this study. Then four main approaches to examining the issue of governance within an EU policy such as the SF are set out: MLG (CG, CMLG), state centric models, policy networks approach, and bureaucratic politics. There is an increasing body of literature which claims that no one single approach can explain events unfolding in programmes such as the SFs (Bache, 1998; Peterson, 1995; Rhodes, 1997; Richardson, 2001). Therefore, it may be the case that

a combination of approaches will be required to help provide the basis for the construction of a theoretical framework to explain institutional capacity within the SYO1 Programme. A framework, through which the development of institutional capacity will be explored, has been set out. The development of the framework introduced in section 3.4 will allow us to explore the usefulness of theories on governance and policy making set out in the first part of this chapter. There are four main dimensions to this framework: stakeholders, strategy for developing the capacity, partnerships and networks, and change through time. The next three chapters will deal in turn with these dimensions. Chapter 4 will focus on the stakeholders. Chapter 5 will assess the strategy for developing the capacity. Chapter 6 will explore the partnership and networks within the SYO1 Programme. The dimension of change through time will be incorporated into all of these chapters.

Chapter 4 Agencies and Strategic Sub-Regional Planning: The Stakeholders.

4.1 Introduction

In developing a framework through which to study institutional capacity in the context of the SYO1 Programme, the first step will be to map those who are to be involved in the programme. According to Healey (1997) one of the most important challenges for strategy making is to address who has a stake in an issue and how to engage these stakeholders in the policy process. Therefore this chapter will set out to develop a more coherent understanding of who stakeholders are, their potential levels of influence over the programme and what goals they have in the context of a programme such as O1. Stakeholders can be described as those who will be involved in the construction and delivery of policies and those affected by it. The chapter will begin by mapping stakeholders involved in the SYO1 Programme. The potential levels of influence of stakeholders will then be set out. The next part of the chapter will explore expectations held by stakeholders of the SYO1 programme. The chapter will also set out the aims and priorities of stakeholder groups for O1, whether these can be developed to form a coherent programme and then will discuss potential conflicts which may arise from differences in priorities held by stakeholder groups. The issues explored in this chapter will inform, and in turn, be influenced by those examined in Chapters 5 and 6. In Chapter 5 issues concerning design, implementation and administration will be considered. Chapter 6 will explore the partnerships and networks that will feature in the SYO1 Programme. This chapter will begin by outlining who the stakeholders are in the SYO1 Programme

4.2 Who are the Stakeholders?

Bryson and Einsweiler (1992) contend that programmes such as O1 should initially focus on the construction of strategy plan making, in which locally-based plans represent efforts to shape and guide what institutional players will do, while

developing coherent, productive and effective institutional capacities. According to Bryson and Einsweiler (1992, 1), effective strategic planning will involve 'focused information gathering, extensive communication among and participation by key decision makers and opinion leaders; the accommodation of divergent interests and values; the development of alternatives; focused, reasonable analytic, and orderly decision making; and successful implementation'. It is also important to note who has been involved in initiating the process and what influence this gains them during the lifetime of the programme. Much of the work that has focused on stakeholders and the need for strategic decision-making has tended to concentrate on individual organisations or programmes with a limited number of partners (Bryson, 1992; Nutt and Backoff, 1992). However, programmes like O1 now have more, and indeed, a wider-range of stakeholders than has previously been the case. The first step in this process involves the identification of relevant stakeholders. Each potential stakeholder will have different aims and priorities that they will bring to the process, particular capabilities rooted in roles, and access to different rules and resources (Bryson, 1992). Paying attention to the concerns and needs of stakeholders is likely to prove crucial to the success of the overall programme (Bryson, 1992).

In exploring stakeholders of the SYO1 programme, the first step is to ask who decides who stakeholders will be? An increased emphasis on subsidiarity has re-structured roles and responsibilities between the Commission and member states. National and regional authorities now have increased responsibility for the management of the SF's, alongside requirements for greater involvement from local stakeholders (EC, 2000). Grippaios (2002), claims that the emphasis placed on partnership working by the EU and the UK government has led to local authorities adopting an 'enabling' rather than a 'providing' role. Moreover local authorities are now expected to frame regeneration policies in association with a wide range of other agencies including LSCs, Chambers of Commerce, and Business Links, the Employment Service, the Benefits Agency, the voluntary and community sectors and RDAs. Devolution in the UK and the establishment of the English RDAs has also changed the context within which SFs operate. Shutt et al, (2002) argue that in England, where they claim that RDAs have been half-inserted into the SF process, lack of clarity in relation to future regional governance and regional administration is only serving to increase regional complexity. Shutt et al (2002) also contend that

the addition of a wide range of new stakeholders into the SF delivery framework, including the new LSCs and the SBS, leads to the spectre of further delivery mechanism delays and consequently slower programme implementation. These arguments are reflected in the comments of a member of the P4 DP:

'We have had discussions with people from the LSC about advising on the application of project bids. They seemed quite genuine in their intentions. But they could get as many as 650 applications a month. They couldn't cope with that and I don't think they understand or are used to the voluntary and community sectors or how programmes like OI work'. (P4 Interview D)

Such thinking is reflected in the arguments put forward by Garmise and Rees (1997) who contend that changes in local governance have resulted in the proliferation of new agencies, whose relationships with both the private sector and the established institutions of local governance have in reality been highly complex and frequently stressful, leading to delays in implementation.

The initial drive in the process of establishing the SYO1 programme came from the South Yorkshire Forum (SYF), established in 1997. The SYF is an informal partnership with the purpose of promoting a prosperous and inclusive South Yorkshire. The partnership consists of local authorities, businesses, educational institutions, health authorities, the police, Yorkshire Forward, other statutory agencies and various voluntary and community sector groups. In addition to the SYF, the EC Directorate General's also had a key role in the initial stages of strategy formulation. Similarly officials from the GOYH played a major part in developing the SYO1 SPD. In addition UK government departments will have had, or will have attempted to gain influence over policies to be adopted in EU SF programmes (Dabinett and Gore, 2001). Other bodies which played a role in developing the South Yorkshire SPD include the Chief Executives 'Vision' group, made up by the Chief Executives of the four local authorities of South Yorkshire, LSC, representatives of GOYH, Yorkshire Forward, the voluntary and community sectors and the business sector. The role of the 'Vision' group was to ensure that members of their senior management teams and forums, were aware of key aspects

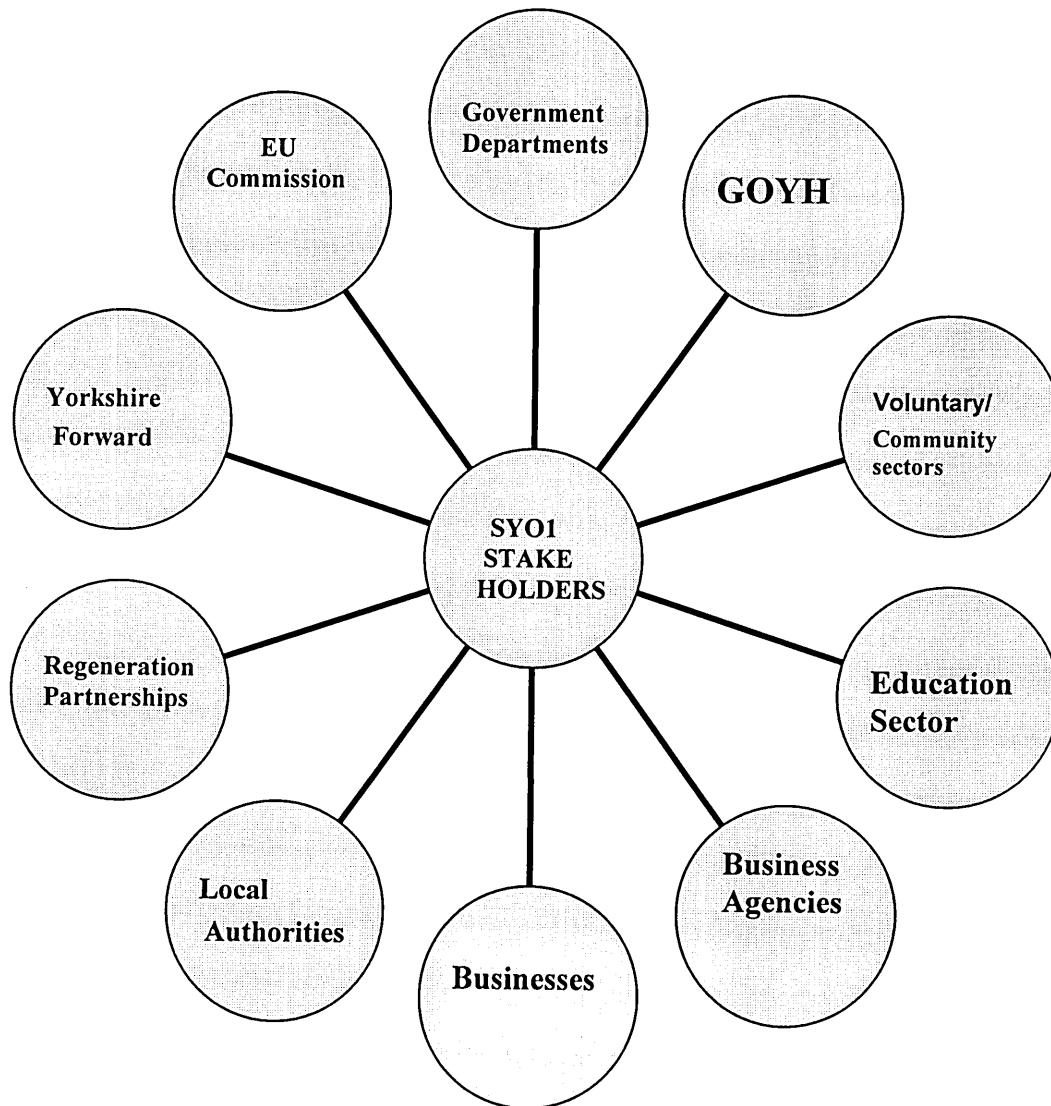
to the consultation and development of the SPD, so that they were able to feed information downwards and to receive feedback themselves. When South Yorkshire first began the developing the SPD, the SYF set up a Policy Team. This consisted of senior and middle managers with experience of managing European funding programmes. Members came from local authorities, voluntary and community sector and further and higher education (SYF, 2000). Their major role was to review the strategy papers and the SPD, and to give advice and guidance on various aspects of the SPD including management arrangements and quantification (SYF, 2000). All stakeholders were equally represented on these bodies. This led a member of the Programme Executive to claim that:

'All stakeholders are represented on the various groups involved in the management structure. Although at the end of the day the final decision rests largely with the Programme Executive, I think that there are enough checks and balances to prevent the bigger more experienced partners dominating the Programme'. (P2 Interview M)

The range of stakeholders involved is reflected in Figure 4.1 which shows a stakeholders map for the SYO1 Programme. Potential difficulties in developing a programme required to involve so many stakeholders were aired at the beginning of the SYO1 Programme. Such worries are reflected in the comments of a representative from Yorkshire Forward who stated in summer of 2000:

'Problems with duplication and confusion are likely. With so many agencies, local councils, employment organisations, training bodies, the whole programme gets very complicated. I don't know anyone who has the answer or anyone who can tell me how we reconcile this problem'. (P2 Interview N)

Figure 4.1 **STAKEHOLDERS MAP FOR THE SYO1 PROGRAMME**



The membership of the DP for P2 and P4 of the SYO1 Programme gives an indication as to the range of stakeholders involved. The SPD (SYF,2000) outlines the following stakeholders as members of the DP for the respective priorities at the outset of the programme:

Table 4.1 DRIVER PARTNERSHIPS FOR P2 AND P4

PRIORITY 2: DRIVER PARTNERSHIP

Overall responsibility and lead role	Small Business Service/ Chambers of Commerce Private sector boards for each target sector
Key Partners	Yorkshire Forward Local Authorities Higher Education Engineering Employers Federation NTOs SY CoMPRIS Private Sector

(SYF, 2000, 369)

PRIORITY 4: DRIVER PARTNERSHIP

Overall responsibility and lead role	Voluntary and Community Sector
Key Partners	Local Authorities Yorkshire Forward TEC (until 31/03/01)/Learning Skills Council Further Education National Lotteries Charities Board Health Authorities Probation Service Employment Service Crime and Disorder Partnerships Environment Bodies Arts Board Childcare Specialists Housing Associations South Yorkshire Police Force Black and Ethnic Minority Groups Guidance Services Faith Groups

(SYF, 2000, 403)

Table 4.1 shows how the SPD outlined the potential members for P2 and P4 at the outset of the programme. A number of issues have been raised with regard to certain stakeholder groups. These issues will be explored in the following sections and include how representative these stakeholders are, the role of the lead drivers and why in the case of P2 the food sector had been included. Although there will be some shared goals amongst the participants in each sector, there are also likely to be tensions and conflicts, both within, but also across stakeholder groups. Some of the stakeholders listed above will also have interests in other priorities of the programme, where they engage with other stakeholders who have no involvement in P2 and P4.

4.3 Stakeholders and Representation

A key issue that has emerged with regard to stakeholders in the SYO1 Programme is one of representation. To many interviewed as part of this study, the issue of how representative stakeholders are for the sectors they ostensibly represent, has been a key concern. There are five key dimensions to this issue: the need for partnership and co-operation at a sub-regional level; the possible dominance of Sheffield within the SYO1 Programme; the level of representation of lead organisations in the DPs; the case for the inclusion or exclusion of certain stakeholders within the DPs; and the level of representation of members of the voluntary and community sectors. These are addressed in turn below.

First, in Chapter 2 political and economic developments in South Yorkshire leading up to the start of the SYO1 Programme were analysed. In exploring these, it can be seen that until the formation of the SYF there was a notable lack of partnerships and co-operation at a sub-regional level. Ekos (2000) reported how the EC was looking to favour large-scale projects which were South Yorkshire wide. One prominent member of the DP for P4 felt this was an issue the Programme Executive had failed to grasp:

'The big problem is that South Yorkshire is not a real living entity. People don't see things on a sub regional basis as they perhaps do in Merseyside and other areas. I have the sense that the OI executive has great difficulty understanding the local nuances. There was a great deal made of how insular the four local areas are but not a lot has been done to deal with this, particularly at the beginning of the Programme.' (P4 Interview C Repeated)

Healey (1998) notes that significant tensions can occur in developing initiatives like the SYO1 Programme because of different styles and routines of governance. Business groups, local authorities, voluntary and community sector organisations may all have different ways of doing things. This can cause problems in efforts to co-ordinate different agencies (Healey, 1998). This is reflected in the belief that the four local authority areas within South Yorkshire had tended to work within their own spheres of interest, resulting in each area having its own way of doing things. A P4 DP member suggested that it this made it potentially more difficult to develop a joint approach within the SYO1 Programme:

'It's hard doing things on a South Yorkshire wide basis, really hard, because there are so many different approaches taken to doing things by each area.' (P4 Interview E)

According to a member of the P4 DP, the lack of partnerships at a sub-regional level had two main causes. First, since the Metropolitan Councils were abolished in 1985 there had been no institution, or need, at a political level for partners to develop relationships. Second, the focus for previous regeneration initiatives has tended to be on a city or ward level and had often encouraged competition rather than collaboration. He commented further that:

'There's been no need in recent years for partnership politically at a sub-regional level and I feel this has impacted on other areas. Things like City Challenge and SRB have tended to see places in competition; so that has also been a problem and caused tensions between certain partners. I feel that it has caused problems

certainly in the initial stages and once things get behind it's hard to get back on track' (P4 Interview G)

A community worker suggested that the emphasis on South Yorkshire wide projects, while producing benefits for the voluntary and community sectors in terms of the development of organisations like the SYOF, also presented a number of potential problems for the SYO1 Programme:

'There is no doubt in my own mind that the O1 process has led to rapid development in terms of community structure in South Yorkshire. It was stipulated by the O1 process that they would encourage South Yorkshire wide bids as the preferred delivery mechanism as they were looking for much larger bids. This had led to a series of structural developments not least the Open Forum but also the process of how the DP developed, some of which has been appropriate, some of which marked the different places which the different areas particularly Sheffield and the coalfields are actually at. So while it has developed structures and partnerships that are South Yorkshire wide it has masked the fact that Sheffield started out both structurally and economically much further ahead than the rest of South Yorkshire'.
(P4 Interview G Repeated)

However, a representative from the P4 DP argued that a South Yorkshire wide approach is not the path being taken and that problems were caused when trying to link into South Yorkshire wide projects. This is related to the problem raised by a number of interviewees, of how to ensure that help was given to local communities, while at the same time ensuring that the benefits were spread evenly over the sub-region:

'A South Yorkshire wide basis is not the approach we're taking in P4 in developing projects and bids. We're really working from the grass roots. There are some South Yorkshire projects transport, commuters, local neighbourhood action plans but it's not our main focus. The difficult bit is linking into with all the South Yorkshire projects that are happening so local people will get the benefits'. (P4 Interview H Repeated)

These comments would appear in part to indicate a misunderstanding of what the focus on South Yorkshire wide projects would mean, as one of the major projects under P4 was the introduction of 'Pioneer Communities'. Through this project, eight neighbourhoods from the poorest wards in South Yorkshire have been selected for intensive CED support with the aim of local people identifying where money should be spent. The eight neighbourhoods selected are in Barnsley: Darfield and Worsbrough; in Doncaster: New Edlington and Dunscroft; in Rotherham: The Valley and Swinton; and in Sheffield: Arbourthorne and Shirecliffe/Southey. In effect this project is representative of the large scale South Yorkshire wide projects demanded by the EC. In early 2003, five new neighbourhoods were added to the list of Pioneer Communities. The addition of these new communities had been due it was claimed, to the progress and success of the eight neighbourhoods initially selected (GOYH, 2003).

Difficulties in developing a South Yorkshire wide approach were also evident in P2. Indeed one feature of business participation in the regeneration of the South Yorkshire economy has been its localist orientation (Strange, 1996). This may help explain the failure to develop one Chamber of Commerce representative of all four local authority areas (Jones and Ward, 1998). However in terms of P2, the nature of business led a member of the DP for P2 to claim that the focus on South Yorkshire wide projects was not an issue:

'It's not a real issue within industry. We look much more at supply chain circles and travel to work circles. Many businesses are more likely to look throughout the sub-region than focus on what happening inside their own local authority area.' (P2 Interview L)

Second, an issue that was raised at the outset of the Programme was the feeling held by some stakeholders that there was a danger of Sheffield dominating activities. This can be seen in the comments of a voluntary and community sectors representative who sat in as an observer on P2 meetings:

'I have heard criticism of P2 that it is stacked with Sheffield people, that the decisions have favoured Sheffield companies and projects. There has always been that sort of attitude that Sheffield will just gobble all the funding up'. (P2 Interview)

The worry that Sheffield would dominate processes was raised at a number of meetings attended as part of this thesis. However the decision to focus some funding on 'Pioneer Communities' seemed to have alleviated some of these fears:

'In P4 the funding will be for the least developed communities (Pioneer Communities). All four local authority areas have two of these, though the other areas are less than half the size of Sheffield'. (P4 Interview M)

In the case of P2 there was some backing for a majority of funding to go to Sheffield based businesses in the belief that this would help attract greater investment, which in turn would benefit the whole of South Yorkshire:

'There is a strong economic rationale for backing Sheffield. It's a sensitive issue and people don't seem to want to talk about it. However, I don't think it's a great problem within P2 as long as it's explained that there can be benefits for the other areas'. (P2 Interview L)

Third, there is the issue of who was to take the lead role in the DPs. At the outset of the programme the respective Chambers of Commerce and Business Link for South Yorkshire, were to undertake this role for P2. Studies on business involvement in the regeneration of local economies have shown that the institutional representation of business is far from straightforward (Jones and Ward, 1998; Strange, 1996). The failure to develop a Chamber of Commerce that would be considered to be representative of all four local authority areas has already been noted. Indeed it was felt by the SYF that the most effective way of reaching the maximum number of business during the consultation stage was for each of the four Chambers of Commerce to consult with its own members and then subsequently to bring together the results of that consultation in one report. This raises the issue of whether the Chambers are able to provide a lead and be truly representative of business interests for the constituent elements of the sub-region, given the different needs and working

cultures that exist within the four local authority areas. The SBS has been established with the aim of championing small business in the UK. The agency has been in operation since April 2000 and operates across all government departments. The SBS involvement in the SYO1 Programme is via the South Yorkshire Business Link. There is again some doubt as to whether Business Link is able to represent business interests impartially, rather than being seen as an instrument of government. The possibility of Business Link following its own agenda was raised in spring 2001:

'Business Link does seem to be trying to establish its own aims to some degree what direction this will take P2 remains to be seen. What role the Government has in all this I'm not really sure. When you're introducing something that is very new and untested you have got to take it step by step'. (P2 Interview F)

By the summer of 2002 the role that Business Link was taking was still unclear to this same interviewee:

'It's a bit confusing at times as to what's going on. People seem to hold a different position depending on what day of the week it is. There have been a lot of changes within the DPs and the management structure in general and it's hard to say where an organisation like Business Link is coming from. More clarity is needed or things will get too confusing'. (P2 Interview F Repeated)

In terms of P4, the voluntary and community sectors were identified as being the lead partners at an early stage in the process. It was felt by the SYF that this was an important step in ensuring that the sectors achieved a degree of ownership over P4. However, one individual from the voluntary and community sectors felt that the issue of lead partners had been diminished once the voluntary and community sectors had been put in place:

'Having ensured a majority on the DP for the voluntary and community sectors and that they were to be lead partners; the powers of the DP were then diluted' (P4 Interview G)

The issue of the role of the DPs will be explored in greater detail in Chapter 5.

Fourth, there has been considerable debate in relation to the inclusion of some stakeholders in particular priorities. In the case of P2, stakeholders were supposed to come from a variety of sectors. These were intended to include the two Sheffield universities, businesses in steel, metal, and engineering industries, and from the food and tourism sectors. However what was notable from the outset was the lack of representatives from the food and tourism sectors on the P2 DP. A member of the Programme Executive outlined the reasons for this:

'One of the consequences of how the programme was designed seemed to be a desire to include every possible sector somewhere in the programme. This led to in P2, for example, in the way sectors were allocated, so as well engineering, metals and manufacturing we have food and tourism and questions have been raised as to why food and tourism, how do they fit in, what economic impact are those sectors going to have'. (P2 Interview H)

This thinking was echoed in the thoughts of another member of the P2 DP:

'The reality is that South Yorkshire does not have a tourism and food sector. We do not have a big enough industry with regard to food to have a cluster. So food and tourism seemed to be something of a misnomer. I don't see the reasoning behind them being included in P2'. (P2 Interview L)

By the summer of 2002 the problems raised by a lack of representatives from the food and tourism sectors on the DP and their role within P2, were still evident. The issues discussed here about the P2 DP raise questions on how the SYO1 SPD had been developed. This leads to the question of whether the problems encountered in previous SF programmes with regard to the development of SPDs had reoccurred in South Yorkshire (Boland, 1999b; Bentley and Shutt, 1997). This is an issue which will be further explored in Chapter 5:

'As we work on how to progress those sectors (Food and Tourism) those questions of how they fit in and what benefit they can gain from, and give, to the programme

are still very evident. We can't sensibly make decisions on food and tourism without representatives from those sectors' (P2 Interview H Repeated)

A fifth and final issue, concerns the representation of the voluntary and community sectors. Studies into various regeneration initiatives have shown that the voluntary and community sectors have tended to be sidelined when decisions are made on how programmes like O1 are to be created and implemented (Boland, 1999a; Carley, 2000; Taylor, 2000). Indeed while voluntary and community sector partners in past regeneration schemes such as O1, City Challenge, and SRB, may have been deemed as equal partners in formal terms (numbers of seats on partnership boards and so forth), they have usually lacked the resources and the power and influence enjoyed by business, local authorities and other public agencies (Foley and Martin, 2000). This meant that the voluntary and community sectors partners often played little or no role in setting the agenda and tended to be consulted at a relatively late stage in the process, which had by then been formulated to a large degree by other partners. As Cameron and Davoudi (1998, 250) contend, this meant that the community was consequently “given a mere presence rather than a voice”. Ardron (2002) outlines how the role of the voluntary and community sectors in the SYO1 Programme began when negotiations with the South Yorkshire Forum Policy Unit resulted in two places for the voluntary and community sectors being opened up on the SYF and two places on the South Yorkshire Policy Team. In addition, resources from the Policy Unit were allocated to facilitate communication activities and to fund two, one day a week, voluntary and community secondments into the Unit. Regular monthly meetings around O1 were convened as the South Yorkshire voluntary and community sectors Open Forum for O1. The DP for P4 consists of representatives of voluntary and community groups, local authorities, the Police and Health authorities. The lead body was to be the voluntary and community sectors, with the aim of these sectors gaining ownership for P4. According to Ardron (2002) the result of this involvement at an early stage of the SYO1 Programme was that the voluntary and community sectors had gained a seat at every table and had found themselves in a position to become a key player in the socio-economic regeneration of South Yorkshire.

A further aspect in relation to the voluntary and community sectors, involves the issue of how representative of communities these sectors are and is one that has been raised in research into other regeneration initiatives (Brownhill and Drake, 1998; Fitzpatrick et al, 1998; Henderson and Mayo, 1998). Community representatives are often chosen on the basis of networks and partnerships which are known and visible to those initiating regeneration initiatives (Carley et al, 2000). In the context of the SYO1 Programme this approach appears to have been followed. The more established elements of the voluntary sector, the Voluntary Organisations Network for European Funding (VONEF), the Development Trusts Association (DTA), the Black Community Forum (BCF) and the Councils for Voluntary Service (CVS's) engaged with the PWC consultation process around the South Yorkshire Vision and began to plan the sector's strategy for input into the Programme. The representativeness of these organisations of the people they are claiming to represent, and work for, was put forward by a member of a community sector organisation involved in of a project funded under P4:

'There's a lot of tokenism around and a lot of lip service paid to true community involvement. You have to ask how are the usual suspects who are involved in the programme mandated or responsible to local communities; it's always the same people involved and this can lead to frustration and accusations when the money is delivered if people miss out' (P4 interview I)

The issue of representation is further clouded by the complexities of a SF programme like O1. In respect of the SYO1 Programme it was argued that this meant experienced players were required to be involved from the outset if the voluntary and community sectors were to play any sort of meaningful role:

'In terms of dealing with stakeholders from other sectors you need the experienced players fighting your corner. There is a need to develop resources at the grass roots and get more people involved, but the complexities of the programme demand that the experienced players are involved from the outset'. (P4 Interview F)

4.4. Stakeholders Influence in the Formulation of Sub-Regional Programmes

The next step in exploring stakeholders of the SYO1 Programme involves the resources, whether social, economic or political, which stakeholders can draw on and how this relates to their potential influence. In the previous chapter Table 3.1 set out three dimensions by which the validity of the four approaches set out might be assessed. The third dimension set out was that of power. Much has been made of how power tends to be unequally distributed in SF programmes (Boland, 1999b). Those players (Government Office, local authorities, privatised utilities, and universities) which have more knowledge, resources, and expertise are better able to affect policy than are the private sector and social partners who then struggle to influence and involve themselves in regeneration initiatives. The result of such power relations leads to the argument that:

'The Merseyside experience is instructive in revealing the myopism that develops on the back of a large injection of funding, as the almost blind, pursuit of resources overrides any notions of developing a regional partnership based on power and idea sharing, or local institutional capacity building to enable the marginal players to have an input into the policy and resource processes'...'This is likely to continue save a marked change of attitude by local stakeholders or a re-alignment of power relations' (Boland, 1999b, 652).

Concerns had been raised in both, the Highland and Islands and Merseyside O1 areas that the bulk of funds for the 1994-2000 programming period were going to development agencies and local authorities (Bryden, 1996, Boland, 1999a). This resulted in one local MP in the Highlands describing Objective 1 as representing 'the politics of the pork barrel' (Bryden, 1996, 156). In the light of such evidence we need to examine whether it is possible, or likely, that such conflicts and problems have occurred within the SYO1 Programme. Based on the evidence and ideas outlined in chapters 1 and 3 potential levels of influence held by the various stakeholders in the SYO1 Programme are suggested in Table 4.2. This table can therefore help to assess the validity of the four approaches by assessing levels of power that might be suggested in the literature discussed in Chapter 3 against what has been found in the SYO1 Programme. Table 4.2 outlines six potential

stakeholders who will feature to some degree in the SYO1 Programme. These stakeholders are broad in their description as is reflected in the theories outlined in chapter 3.

Table 4.2 Levels of Stakeholder Influence in South Yorkshire Objective 1 Programme.

	Management	Experience	Social	Economic	Political
EU	Strong	Strong	Weak	Strong	Strong
UK Government	Strong	Strong	Medium	Strong	Strong
Business	Weak	Weak	Weak	Medium	Medium
Education	Weak	Strong	Weak	Medium	Weak
Voluntary/Community	Weak	Medium	Strong	Weak	Weak
Public sector	Medium	Strong	Strong	Medium	Medium

Table 4.2 list five themes that make up the potential of stakeholders to cast an influence on the SYO1 Programme. The first theme, 'management', refers to the level of involvement and control that stakeholders have in relation to the initial stages of the programme and its development. The thesis has touched on this issue in 4.1 and it will be further explored in Chapter 5. The second theme refers to the level of experience that each stakeholder group has and the possible impact this may have or have had on their ability to influence the programme. The evidence for this assessment is taken from the SYO1 SPD (2000, 583). The social theme relates to the notion of social capital developed by Putnam (1993). This refers to features of social organisation such as networks, norms and social trust that facilitate co-ordination and co-operation for mutual benefit. People learn to trust one another through face-to-face interaction, in associations and through informal social networks. Norms of trust and reciprocity spill over into society at large and capacity is created for collective action, in pursuit of shared goals. Citizens expect, and representatives provide, competent and responsive government (Putnam, 1993). Through this, the voluntary and community sectors are seen as the primary force of social capital (Lowndes, 2001). However this perspective appears largely to ignore the role of national government. Particularly at the local level it may be argued the

conditions in which the voluntary and community sectors, and indeed other stakeholders work, is largely framed by government, and in the context of the SYO1 programme, the EU. Therefore while the governance of the programme may be affected by social capital, it is also in turn an important influence upon social capital. The fourth theme refers to economic resources available to each stakeholder. Those stakeholders such as government and local authorities who are in the position to control or supply match funding have greater control over the implementation of the programme (Bache, 2000; Boland, 1999a; Taylor, 2000). The final theme covers the potential influence that stakeholders are able to wield on the direction of the programme. In the UK, where there has been a gradual eroding away of power from local authorities, greater influence would appear to be in the hands of the UK government as manifest in the fact that SF regulations give central government a higher degree of control over the key political and financial resources within regional partnerships (Bache, 1998).

The most obvious indicator to emerge from Table 4.2 is the apparently dominant position held by the UK government, which appears to the strongest influence in all five themes. Chapter 5 will explore whether the dominant position held by national government, as suggested in Table 4.2, continues into the design and implementation stage of the programme. The thesis will return to Table 4.2 in Chapter 7 in examining what can be learnt in terms of the explanatory power of the four theories outlined in chapter 3. However, there is one aspect of Table 4.2 that we need to address at this point. On the surface, evidence suggested in Table 4.2 would suggest a more dominant role being held by national government than is credited through the theory of MLG. Findings appear more in line with arguments behind the state-centric model. However, aside from the bureaucratic politics approach all theories outlined in chapter 3 suggest that national governments and indeed other stakeholders will tend to act with one voice and share similar goals.

In the context of this study the notion suggested by the bureaucratic politics approach that EU and government departments pursue different aims within their own particular sectors appears to be the case. The idea that battles over governance between the UK government and the EU, which have characterised previous SF programmes (Bachtler and Turok, 1997; Boland, 1999a; 1999b), may occur in the

SYO1 Programme were confirmed by a representative of P4, who had been involved in the programme from the outset:

'There was a great deal of antagonism between civil servants from the government and the EU. We also faced problems when dealing with different departments in the government. One would tell us we could do one thing, then the other would say you can't do that; it caused a lot of consternation and was very time consuming. At the end of the day their aim doesn't seem to be how best to deliver the policy agenda and bring about the best impact, but merely to defend their own turf'. (P 4 Interview A)

Another member of the P4 DP echoed these thoughts in assessing the relationship between UK government and the EU:

'We felt in P4 that there were areas that we wanted put in which tended to get sidelined at the British government level, but then got put back in again at Commission level, some of the stuff about community enterprise and such like'. (P4 Interview E)

A member of the Programme Executive acknowledged that problems had also been encountered between departments within central government and the EU. This leads to the suggestion that tensions that had been evident in previous SF programmes (Boland, 1999a, 1999b; Bryden, 1997) had also impacted on the development of the SYO1 Programme:

'There are clearly tensions. We have a responsibility to central government departments and have to respond to the demands of the Commission. It can be frustrating when you get an agreement on one side and then it is blocked by the other. The difficulties are often between governments departments or between the different directorates than between the Commission and the UK government'. (P2 Interview M)

Conflicts between UK and EU departments were mirrored by apparent 'turf battles' between different Directorate General's that are responsible for the administration of ESF and ERDF funding:

'When we tried to put equal amounts of ESF and ERDF into one priority, the Commission wouldn't accept it. So we came up against that and I felt that the main part of our Strategy started to get fragmented at that point' (P4 Interview A)

These conflicts can however also be used effectively by some stakeholders. One individual responsible for advising on the development of P4 and its DP felt that the SYF was able to use these 'turf battles' to its own advantage:

'The SYF was often able to play off the DTI and DETR and the EU Commission against each other in attempting to achieve its goals. There appeared to be an attitude of these departments allowing anything that would hinder the others and protect what they saw as their own turf and I think that the SYF were able to take advantage of this. However I'm not sure whether this strategy will be quite so successful when the SPD is written and the implementation process begins' (P2 Interview A)

This would appear to be indicative of the notion of contested governance occurring within the SYO1 Programme. There is also a case for looking towards the 'bureaucratic politics' model suggested by Peters (1992). This may give us more of an understanding as to why these events occurred, as opposed to the contested governance approach, which tends to focus on vertical rather than horizontal relationships. The model outlined by Peters (1992) points to the idea that departments within the EU or at national government level do not act with one voice, but rather as individual actors, with their own intrinsic aims. In effect, such actors may be following the maxim of 'where you stand depends on where you sit' (Allison, 1971). The thesis will return to this issue in Chapter 7.

4.5 The Expectations of Stakeholders

The expectations held by stakeholders are likely to be reflected in the goals they demand of the programme. Two main issues emerged from this study with regard to the expectations held by the SYO1 stakeholders: the over hyping of the programme; and confusion amongst some stakeholders about how the programme worked.

First, an over hyping of what O1 status means, has occurred in other O1 regions, as in the case of the first Merseyside programme (Boland, 1999a; Evans, 2002). This situation appears to have been repeated in the SYO1 Programme. From the moment of its acceptance as an O1 region, local media in South Yorkshire tended to portray the programme as a £2 billion bonanza that could be used as the sub-region saw fit (Sheffield Star 1999a; 1999b; Sheffield Telegraph, 1999). A member of the P2 DP suggested that this arose from the perception set out by those responsible from the SYF in developing the bid:

'There were too many people involved. We suffered from such hype that reality was not presented. There were a great deal of vested interests involved here; there were champagne bottles opened not by industry, but by the people who were involved in presenting the case, right down to the people whose jobs depended on it. The fact is we got it because we were failing. The reality is that per year it is less than 2% of manufacturing output; if we wanted to give every company some assistance it would be like giving them a thousand pounds; they were riding a dream'. (P2 Interview G)

Second, this lack of perspective has led to problems in relation to expectations. This in turn has created a situation within which many stakeholders have become disillusioned at the rate of progress and the scope of the programme. The words of an individual involved in a consultancy firm employed by the programme to offer training and support to P2 illustrates this point:

'It is a complete nightmare; it's really difficult because people's expectations have been raised because they really don't understand the process. They don't really know what you mean when you talk about eligibility, and don't understand what O1 actually is. I think they're frustrated every time we've been out to talk to them. The

initial reaction was positive, it was the first good news they've had for ages. But because the transition of the scheme, and the time it takes the programme to get going, people are unaware of what's happening and lose heart'. (P2 Interview F)

Evidence from P2, suggests that a lack of understanding at the outset of the programme as to what O1 offered and how to go about applying for funds, may have hindered the capacity of the programme to reach all potential stakeholders. Comments from a member of the metals industry involved in accessing funds from P2 reflect this view:

'Some companies aren't even aware that they are eligible for funding; people in our sector have gone cold on this to some extent. Nothing seems to be happening; a lot of the problem is to do with the actual mechanism of developing the funding. If it was operating a well-oiled machine, people could see how it operates and get their bids put in a constructive way. It is a matter of people working together rather than trying to catch each other out'. (P2 Interview E)

Misunderstanding as to what O1 could be used for, and the responsibility and management structures involved in its development and implementation, has remained an issue causing confusion and disenchantment within P2 and the business sector in general. Speaking in summer 2002, a member of P2 with a role within the Programme Executive outlined this problem:

'The realisation to P2 members that there was a responsibility to Brussels had not got through at all. Too many private sector members in the programme felt that they had complete authority and they didn't. They could never come to terms with this' (P2 Interview G Repeated)

In contrast to P2, there appears to be a greater understanding from within P4 as to what O1 has to offer and what funding would be available for. The reasons behind this apparent difference can be put down, partly at least, to the fact that many groups within the voluntary and community sector rely on funding regimes for their very existence (Carley et al, 2000; Taylor, 2000). Comments from a member of the voluntary and community sectors illustrate this point:

'We can only survive at the moment from accessing funding streams like the SFs and various government programmes. This is probably true for most similar organisations so we need to be clued up about what's going on though it can be confusing when you try to actually access the funding' (P4 Interview H)

As the programme moved into its implementation stage, the path O1 would take became clearer. For some stakeholders within P4, the manner in which the priority was delivered came as something of shock. Chapter 3 outlines how previous programmes have seen most of their funding going to stakeholders with greater resources and experience. However in terms of P4 there is a determination that the money would reach those in need, rather than those best equipped to access the funding:

'It should be noted that partnership members and advocates have had to endure a lot of criticism, because many out there do not understand that O1 was being delivered differently. For example, many thought that P4 would be a huge grant making pot which would have its lid removed, soon after the programme started. This was not the case and there were many disappointed "usual suspects"'. (P4 Interview G Repeated)

4.6 Stakeholder aims and priorities

This section focuses on the aims and priorities held by stakeholders for the SYO1 Programme. Three main issues will be covered: overall aims and priorities of the stakeholders; whether there is a basis for a coherent programme; and stakeholder conflicts.

In June and July 1999, the SYF held a series of consultation meetings on the emerging framework for the O1 programme. As part of this process, information packs were provided to all potential stakeholders, outlining the background to the programme and seeking to discover the aims and priorities held by different stakeholders throughout the programme. Table 4.3 identifies the priorities of four

groups of stakeholders who were identified by the SYF (1999, 33) as important potential partners in the SYO1 Programme.

Table 4.3				
Stakeholders aims and priorities				
	Public Sector	Education Sector	Voluntary Sector	Private Sector
Education and Training	79	90	82	86
Restructure the economy	70	73	61	84
Sustainable development	78	65	82	78
Information society	49	70	38	59
Social Inclusion	68	75	82	31
Environment	58	28	45	45
Business Competitiveness	40	63	25	59
Equal opportunities	26	25	51	16

Source: (SYF, 2000)

Table 4.3 provides a framework through which to decipher the potential policy goals of different stakeholders. This information should be seen as reflecting broad initial aims and priorities of key stakeholders. In the context of a programme such as O1 other stakeholders such as the UK Government and the EU will also have major inputs into defining priorities, mainly through the design and management of the

programme. The thesis will explore the role of these stakeholders in influencing the direction of the programme in the final part of this, and in following, chapters. However a number of important points can be drawn out of Table 4.3. All four of the groups placed education and training as a top priority for South Yorkshire. Restructuring the economy was identified as another key area, although the voluntary and community sectors rated this as a lower priority than both sustainable development and social inclusion. Differences amongst stakeholders can be seen in the case of social inclusion, which is ranked joint highest by the voluntary and community sectors, with the public and education sectors also giving this a high ranking. In contrast the private sector listed this priority as its lowest aim. These contrasting priorities raise a number of questions.

In analysing this information we need to note a number of caveats. Priorities are broad in their description and are open to interpretation by the stakeholders. Further research into these priorities show a number of differences opening up amongst stakeholders (SYF, 2000). With regard to Education and Training for instance, there were sharply contrasting views between the voluntary and community sectors where training for the unemployed was a high priority, whereas stronger business-education links ranked much lower. This compared with the private sector where the opposite view was recorded. In the case of Restructuring the Economy, skills of workers was ranked highest by respondents overall, although the private sector response was the lowest of all four sectors.

4.6.1 Basis for a Coherent Programme

The previous chapter discussed the notion put forward by Hooghe (1998) that economic development within the EU has been based on two dominant and contending economic models: neoliberalism and regulated capitalism. There appears to be an inherent contradiction between companies on the one hand, supporting local employment initiatives and combating social exclusion whilst, on the other, attempting to introduce ever more flexible conditions of labour and growing profits. Such a contradiction can be identified in the aims of the stakeholders for O1 where notable differences appear particularly between the business sector, and voluntary and community sectors. Dabinett and Gore (2001, 1006) argue that the issue of

compatibility is paramount to the development of a successful programme, based on mutually supportive and synergistic efforts amongst stakeholders, as opposed to them “going their own way” and protecting their own institutional capacity. As Lloyd and Meegan (1996) contend, the argument is over how to deal with the social costs of opening up to market forces. Such differences vary between member states, with the UK traditionally proving a prominent member of those states favouring a more liberal free market approach. Differences on this issue have led to conflicts at all levels regarding the content and implementation of SPDs. Such conflicts, allied to a suggested greater role for regions, have led to claims that a MLG now exists within the EU (Boland, 1999; Lloyd and Meegan, 1996; Marks, 1996). These claims will be explored in greater detail later in the thesis but we need to assess the impact of such conflicts, how they may affect the structure of the SPD, and, consequently, the implementation of O1 in South Yorkshire. This chapter has already explored the differing aims of the stakeholders. The contrast between P2 and P4 is reflected in the following comments:

‘I think fundamentally it comes down to different visions of economic development or regeneration. I think that people have very different opinions of what that means and I think that what I would call the GDP school who look solely at GDP, and there are other people who understand that the development process is based on other things than GDP and particularly average GDP which masks inequality’. (P4 Interview G)

The main target for the SYO1 programme is to reach a 78% GDP of the EU average by the end of the programme in 2006. The focus on GDP is a controversial one particularly for those involved in P4 where one representative commented that:

‘With GDP I think that there should be better or more indicators used that better represent growth and quality of life; worry is that were going to get jobless growth’. (P 4 Interview F)

Another member of the P4 DP was more relaxed about the economic theory behind the goals of the programme, whilst at the same time, proving less happy at the amount available to P4:

'It's just a question of emphasis really and you will get people who will say there's not enough about X. It's just a compromise and I don't think we can worry ourselves about it. I do think that P4 got squeezed and the amount of money we ended up with in relation to the other priorities is unfair'. (P4 Interview B)

In exploring the basis for coherence, the UK government will play an important part given its role in the design, administration and management of SF programmes. The election of Labour Government in May 1997 suggested that a move towards an approach favoured by the EU would now drive regeneration policy in the UK. In local regeneration terms government policy placed a greater emphasis on 'restructuring for communities' and alongside this there was recognition that previous policies had supported widening income disparities and allowed poverty to grow at the macro scale (SEU, 1998). The government makes it clear that the active participation of local communities is essential to its regeneration programmes (DETR, 1997, 1998; SEU, 2000). Such thinking would appear to bring the UK government and the EU closer together in policies for regenerating poorer regions. This thesis has already discussed how the EU has tended to favour an approach to regeneration based on a greater role for social partners. This is evident in conflicts between the Conservative government and the EC over the inclusion of a CED approach, which had characterised previous SF programmes in the UK (Bachtler and Turok, 1997; Boland, 1999a; 1999b).

Bache (2001, 344) argues that, before 1997, the UK government favoured a neoliberal approach and, as a consequence was less proactive in terms of closing gaps between social groups and individuals. The government favoured the notion that social cohesion could be improved by promoting business interests thus leading to improvements in both efficiency and employment. However alongside a desire to bring about a more joined up approach towards economic regeneration, the Labour Government has also attempted to follow a more business friendly policy than has been associated with previous Labour governments. Alongside this approach it is

argued that there has also been support for a 'free market economy' more in line with previous Conservative governments (Baxter, 2001; Griffiths, 1998). Therefore there appears to be something of a mixed message in relation to what the Labour government considered was the best way forward in bringing about regeneration of South Yorkshire. The comments of a member of the P4 DP illustrate this point:

'I think that what we have seen under 'New Labour' is a plethora of new initiatives. These have enabled many different groups to think that their agenda was being listened to. I think in practise in adopting this very broad-church approach in reality the relative priority they have given to different policy agendas has never been clarified. So while there seemed to be comfort in what the government was saying; in practise there has been much less comfort' (P4 Interview G)

However, at the beginning of 2001, two members of the P4 DP suggested that their cause might now be moving up the government's agenda:

'I am not being party political, but the change of government seems to have brought the social regeneration agenda more to the fore, so I don't think anyone has much to complain about with regard to the programme apart from the slowness of it all and the wishy washyness of it all' (Priority 4 Interview C)

'The Labour government has a slightly different view than the previous government. Not least because it has a lot of influential South Yorkshire MP's, who support the notion of the community based economy- which can only be good for the sector.'
(Priority 4 Interview D)

By the summer of 2002 this interviewee still believed that the UK government favoured the social regeneration agenda. Indeed he argued that the greater focus on issues relevant to the voluntary and community sector had reduced the importance of O1 and that consequently a change of emphasis was required:

'Over the past three or four years the government through the SEU has got to grips with what is needed in terms of community involvement and they are putting all the resources behind that and if anything O1 has shrunk in significance in relation to

major policy initiative; and I think what O1 should be doing is concentrating on major value added bits and concentrating on those and letting those mainstream bits be taken up by the other funding'. (P4 Interview G Repeated)

The problems in developing a coherent programme which takes into account the wishes of the voluntary and community sectors can be seen in the views of one representative from these sectors:

'There is still a difference between the government and the EU approach and what the communities want. They're still talking primarily about top down inward investment when local communities talk about economic regeneration; they primarily mean more jobs for people who live around here. In South Yorkshire this is amplified because there is a tradition of very short travel to work journeys for the poorest communities and our two concepts of economic regeneration don't fit together. It's not a matter of cynical government pushing their own agenda. The European model has a bigger role for communities and I think that has given a signal to these local community groups that there is a role for the social economy but they have to go through so many hoops, before anything turns up'. (P4 Interview D)

Indeed the problem of developing a coherent approach for the O1 programme can be summed up by a comment from another representative who simply noted that the view from the communities is often that:

'Perception in local communities that it is not our economy; it's their economy. This perception needs to be changed if progress is to be made. This will take a big effort particularly by national government and the local authorities. There is a serious level of mistrust out there'. (P 4 Interview B)

In contrast to these views, another member of the P4 DP suggested that thinking on the best way to bring about regeneration in South Yorkshire may be moving move towards the voluntary and community sectors model:

'It is fine, it's a bit rigid and a bit bureaucratic but generally speaking there's enough flexibility in it to deliver for everybody. It's very difficult to strike the balance, but I think it covers most of the major concerns and needs. There's perhaps not enough in it about the importance of social regeneration and its importance for overall regeneration, I think that argument has only just been recognised. I think in the first two years when the programme was being developed it was more mechanical, labour market, economic data oriented which has been to no great effect as far as I can see in South Yorkshire' (P4 Interview C)

Differences in opinions outlined above were reflected in the thoughts of a member of the P4 DP in the summer of 2002. Despite the programme being well into its implementation stage, confusion in relation to the path the programme was taking were still evident:

'Consultants, who were initially brought in to look at Strategic Economic Zone (SEZ) and Integrated Development Plans in P5 laughed at P4 advocates when we asked questions such as; will inward investment mean local jobs for local people? If so how will we facilitate? Any room for social enterprise clusters? Joint working with P3 on skills matching and relevant training opportunities? In a nutshell it constantly felt like the answer was "beggars cannot be choosers"; so the question remains – is this sustainable development? However, I am assured that this is now being addressed, but a cynic would say, the proof of the pudding will be in the eating'. (P4 Interview H Repeated)

4.6.2 Stakeholder Conflicts

From the outset of the programme differences over what the goals of the programme should be, both between and within different sectors were evident. This can be seen in Table 4.3. Differences became more evident as the programme developed. Scope for conflict between P2 and P4 emerged in the comments of a member of the P2 DP:

'I have argued that jobs don't create wealth but wealth creates jobs. The focus on creating jobs in the last twenty years has clearly not worked in policy terms because you can get low value jobs such as hairdressing and call centre jobs. GDP is a

damn good measure as it measure the value of jobs and the number of companies, so it is right to have that as the overriding driver. You have to say what are these jobs contributing to the economy'. (P2 Interview B)

The comment expressed above contrast markedly with those expressed by a voluntary and community sectors representative. This individual had been involved in reviewing wider aspects of the programme at its early stages. They also had also played a role in the consultation process as part of the cross-cutting groups set up to try to develop a 'joined up' approach to the SYO1 Programme:

'I was involved under the P1 consultation, which to be honest I didn't think was very satisfactory. The whole thing was predicated by a South Yorkshire vision designed by Price Waterhouse. P1 was to do with the structural adjustment of the economic nature that was required and it seemed to me that interventions that were included in the PW vision were very much targeted at those people who were already probably earning way above the average income for South Yorkshire and we argued that the Structural Intervention needed to be targeted at those people who were earning way below the average income, and failed to reach an agreement on this' (P4 Interview F)

What is lacking from Table 4.3 is the scale of differences existing within sectors and how these might influence the development of the programme. Section 4.3 outlines differences that can occur within stakeholder groups in terms of conflicts amongst UK government departments and amongst the EU's Directorate General's. Evidence of contrasts and tensions within different priority groups can also be seen in the comments of a business leader on the P2 DP who described the relationship between the Sheffield universities and the business sector as follows:

'There was tension between the universities and the metals sector. The universities are set up to access this sort of funding. There's been a lot of mistrust from the business sector towards the universities in particular' (P2 Interview D)

The possibility of emerging tensions in P2 between the universities and the steel and metals industry at the outset of the programme was also noted in the comments of a representative of the steel industry applying for O1 funding from P2:

'The universities see the achieving of the regeneration of industry in South Yorkshire as through developing the Biotech side, which is alien to most people in the metals industry'. (P2 Interview E)

Concerns on the part of representatives of P2 in relation to role of the universities is rooted the fact that HEI's have traditionally played a greater role in SF programmes than business sector partners (Potts, 2002). This has led to concerns that they have been able to gain a foothold at the outset of the programme and use their greater experience to direct P2 towards their own goals. Further evidence of concerns over the possible domination of the universities within P2 can be viewed in the comments of a representative of the steel and metals industry for South Yorkshire:

'One of the concerns of the industry is that the process has been dominated by the universities from the beginning and this is controlling the way P2 is being led' (P2 Interview E)

4.7 Conclusion

This chapter has explored stakeholders in the SYO1 Programme. It has outlined who stakeholders are in P2 and P4. The potential levels of influence of stakeholders groups has been outlined to provide a framework through which 'influence' can be explored in the following two chapters. The aims and expectations of the stakeholders have been set out. The aims of the stakeholders point to differences between P2 and P4, which may prove difficult to reconcile as the programme moves into implementation. This issue will be further addressed in forthcoming chapters. However, even as late as summer 2002, members of P4 suggested that some of their aims had still to be addressed by the Programme Executive, despite promises to the contrary. This chapter has also explored the economic model which drives the programme. Hooghe (1998) contends that EU regeneration programmes such as O1

programmes have tended to be dominated by two contending economic models. However evidence suggests that something of a compromise has occurred in relation to the direction of the programme, with the UK government sending mixed signals on what it believes is the best approach to economic regeneration. This leads to the suggestion that a consistent and overall approach to the problems faced by South Yorkshire may be lacking. The chapter has discussed how stakeholders often act differently within their own sectors. It has further noted that departments within both UK government and the Commission can act against each other causing us to question the rather broad descriptions applied to these actors as in the MLG and state centric theories. By looking at design and implementation we can further explore the role these theories can play in informing debates in relation to the SYO1 Programme.

Chapter 5: The Development of Institutional Capacity: The Design, Implementation and Administration of the SYO1 Programme

5.1 Introduction

After exploring stakeholders in the SYO1 Programme in the previous chapter, the thesis will now focus on implementation. This chapter will explore this through the design, management and administration of the SYO1 Programme. It will begin by examining the design stage of the SPD. It can be argued that it is important the SPD is seen to be a regional plan designed to solve problems affecting South Yorkshire and be based on genuine consultation allowing stakeholders to articulate their aspirations, needs and priorities. Therefore the chapter will explore the consultation process and in particular whether this process is reflected in the final SPD. The next part of the chapter will review the management of the programme. The role of the Programme Executive and DPs will be assessed and the impact of changes in the management structure during the lifetime of the programme will also be set out. The final part will examine issues with regard to administration. This will involve looking at progress in the development of a ‘joined up approach’ to the SYO1 Programme, delays in the implementation of the programme, match funding, measures and outcomes, capacity building, and the application process.

5.2 Design

It has been argued that a failure to develop genuine regional plans has been apparent in previous O1 regions (Bentley and Shutt, 1997; Boland, 1999a). Indeed examination of SPDs for past SF programmes in the UK, suggest that they can by no means be described as regional plans, but are rather akin to financial ‘draw-down documents than regional plans’, which reflect national rather than local interests

(Bentley and Shutt, 1997, 138). These concerns appear to be borne out in experiences from two previous O1 regions, the Highlands and Islands and Merseyside. Bryden (1997, 145) argues that the implementation of O1 in the Highlands and Islands was hindered by the lack of a regional plan. He states that while the drafting of the SPD had involved several rounds of consultation, it fell well short of anything, which could be described as 'public consultation'. As required by the SF regulations, the proposed plan had been subjected to an ex ante appraisal. This claimed that the O1 programme placed too little emphasis on consultation with the district councils and local enterprise companies in the area. It also highlighted a lack of consultation between the Scottish Office, who submitted the plan, and other partners who had little time to comment on its final version (Bryden, 1997, 147). With regard to the O1 process in Merseyside, Boland (1999, 649-651) argues that the design of the SPD had been influenced by conflict between the EC and the UK government over the direction of regional economic development. The result of this conflict according to Boland, left Merseyside with a SPD that could by no means be described as a regional plan, in that it 'does not contain a set of specific policies for specific problems inherent in the regional economy' and that this is 'a fundamental weakness threatening the prospects for sustainable development' (Boland, 1999a, 651). One apparent weakness in the development of the SPD was the minimal input from the local private sector, while the social partners were also largely excluded. This chapter will examine the SYO1 Programme to assess whether lessons have been learned from other programmes. This section will focus on three main issues: the consultation process; the degree to which the SPD reflects the aims and priorities of stakeholders identified in the consultation process; and the broad nature of the SPD and what this may mean for implementation.

5.2.1 The Consultation Process

First, the ex ante appraisal for the South Yorkshire SPD concluded that Part 1 provided a robust basis for defining the rationale and priorities required for O1 intervention and indeed exceeds the requirements set out in the Commission's guidelines (CSES, 1999,8). This appraisal also states that a particular strength of the South Yorkshire SPD is that the analysis of the current situation and challenges

facing South Yorkshire is based on a significant 'bottom up' input from local partners. In the process of developing the SPD, the consultation process involved the setting up of a series of Priority Groups to look at six themes: Restructuring the Economy, Business Competitiveness, Education and Training, Economic and Social Inclusion, Environment, and the Information Society. The work of the Priority Groups was then incorporated into strategy papers that in turn, fed into the SPD drafting process. Through the SYF, and other mechanisms, an estimated 1,500 people participated in these meetings. Over 1,100 businesses also responded to the business consultation questionnaires that were distributed. As a result of this consultation process CSES (1999) concluded that there should be a wide sense of ownership of the SPD and, in addition, a basis for the development of close partnership working during the implementation process. However evidence from interviews conducted for this thesis shows that there is a marked difference in opinion between participants from P2 and P4 about the consultation process. Looking first at P2, there was general disappointment with regard to the amount and nature of consultation that had taken place. One individual from one of the Sheffield Universities, who was involved in putting together a bid for funding, outlined the problem in reaching those developing potential projects:

'I haven't been directly involved though some of my colleagues have. The communication that is filtering down to people who might deliver in the future is not the best'. (P 2 Interview B)

One of his colleagues expressed similar feeling on the level of consultation, commenting that:

'No one has really come to us. We feed through our business manager. With regard to the regional office there is no real consultation through them. Under O2, I put the plan together, under O1 it's out of my hands. I can offer into that what I think I can do, but it's how it gets interpreted into the wider plan that matters. I'd prefer if it was in my hands; then I can identify what I can and can't do and then deliver what I know I can'. (P 2 Interview A)

Meanwhile a member of the P2 DP expressed disappointment as to the nature of consultation that had taken place:

'The whole ethos is wrong. It's the powers that be saying we know what's best and was going to tell people what to do. It should be left to businesses to decide what's best for them and how to achieve it'. (P 2 Interview C)

Displeasure at the nature of consultation came from one individual involved in the management of the programme, who also sat on the P2 DP. He commented that:

'There was lots of consultation, too much in fact. There was no action being taken on the findings. They would come along and ask what we thought, and then go away, come back ask us the same things, but nothing seemed to be happening. This is not the way business works. You ask people what they think and then act. It has helped cause a lot of disillusionment with the whole O1 process, that could have been avoided'. (P2 Interview D)

In contrast to these views from P2, members of the DP for P4 were more content with the level and nature of the consultation that had taken place. An individual involved in the development of the P4 DP claimed that this may have been due to the fact that specific funds were set aside to ensure that consultation occurred within the voluntary and community sectors. At the same time she argued that the content of the SPD was the real issue:

'I think in the voluntary and community sectors we had a reasonable amount of consultation, if only because there was dedicated resources set aside for that. It is what comes after that's important'. (P4 Interview A)

With regard to the consultation process in P4 the thoughts of two members of the DP were reflective of the majority of the people interviewed for this study. They commented that:

'With regard to Doncaster and Rotherham I was fairly impressed at the level of consultation. Barnsley tended to go through the Local Government Forums and although consultation was good I was not convinced that there was enough saturation of it'. (P4 Interview B)

'Yes I feel we were consulted enough. I think on behalf of the voluntary and community sectors there was adequate consultation and I think the sector got a fair purchase on the programme with regard to P4'. (P4 Interview C)

However this member of the DP also commented on the situation with regard to P3, which focused on improving levels of skills and education in South Yorkshire (See Chapter 2). His comments raise the possibility of a compromise in the development of the SYO1 SPD. This has been found in other SF programmes (Bentley and Shutt 1997, Boland 1999b). This issue was raised in Chapter 4 where concern was expressed as to why the food and tourism sectors had been selected for a role in P2:

'There wasn't a lot of consultation round P 3 which is generally regarded as a fix for the local authorities and to a certain extent the colleges. There seems to have been sort of a balance with P3 for the public sector and P4 for the voluntary and community sectors'. (P 4 Interview C)

5.2.2 The Consultation Process and the final SPD

The second issue to be discussed is concerned with how the final SPD and programme complement reflected the findings of the consultation process. There was a general consensus amongst P4 participants in this study that the SPD reflected the consultation process:

'To a certain extent I think they have listened and acted. I think there's a level of understanding and engagement with what went into the SPD, on how it's been developed, that perhaps hasn't been there before'. (P 4 Interview D)

In contrast, the general feeling from P2 was that it didn't really matter what the SPD said, as things would change as implementation began to gather pace. This view can

be seen in the comments of a university employee involved in the process of putting a bid together for O1 funding through P2:

'From past experience I know that there is very little point taking notice at what is going on at the moment, as it is probably all going to change in another month. Some people new to the process may get confused with all the changes, but from experience I know the best thing to do is wait until the dust settles and then do what you need to do'. (P2 Interview B).

The notion of ignoring to large extent the measures outlined in the SPD was also put forward by a member of the P2 DP. The feelings expressed in these interviews seemed to be that local partners believed that they were in the best position to know what the sub-region required to help bring about its regeneration and this was the path they intended to follow regardless of what was in the SPD:

'There's too much bureaucratic rubbish in it and we have got rid of it. The only way you can help business is by giving them what they want, rather than telling them what they need. We are starting to do a lot of good work; it's taken a long time to get rid of all the rubbish. People can come and say this is what we need, this is what were going to do, and this is how were going to grow South Yorkshire, and we can help them'. (P2 Interview C)

The belief expressed by this P2 member appears to reflect a misunderstanding of what O1 could be used for, and the management arrangements required by, the programme, which is explored in the previous chapter. This misunderstanding is also reflected in the comments of a member of P2 with an additional involvement with the Programme Executive:

'People just went into it in a complete void on what needs to be done and it has taken two years scrambling to get it back; I think its falling into place now, but too many people riding this dream has left us needing to play catch up'. (P2 Interview Repeated H)

5.2.3 The Broad Nature of the SPD

The third and final issue involves the broad nature of the SPD. The content of the SPD was brought into question by some interviewees. Indeed the broad nature of the measures and priorities listed in the SPD is an issue that has been raised consistently in interviews for this study. The thoughts of a member of the P4 DP about the content of the SPD reflected this thinking. She argued that the programme complement, which is set at the level below the SPD and unpacks priority themes to, describe in much more detail the Measures underneath them, is itself open to too much interpretation:

'The programme complement is so broad you could do anything really. It tries to cover everything but you can only work with the budget that you've got, there will never be enough to do everything that needs to be done. Yes a lot of the SPD and programme complement is representative of the consultation process, but it's too broad and too woolly'. (P4 Interview I)

A P4 DP member also argued that the content of the SPD was vague and open to interpretation. She suggested however that the voluntary and community sectors had managed to bring themselves together in a manner which ensured that a degree of control over P4 was maintained within the sectors:

'The SPD is only really a vague statement. It's taken a long time but I think through the DP, workshops, seminars, we have developed an approach through which to deliver the SPD and a lot of people have been involved in that. A lot of people understand that more than usual'. (P4 Interview C Repeated)

It has been argued that while regeneration programmes, such as the SFs can promote institutional design that may favour desired policy outcomes, such programmes must be understood as 'incomplete contracts' (McAleavey 1995). In his study of the implementation of the O2 programme for Western Scotland, McAleavey (1995, 306) argued that the incompleteness of the contract in SF programmes in the form of the SPD could be used opportunistically by domestic stakeholders to re-shape the

programme at the project selection stage. However in the context of the SYO1 Programme it has been argued that there was a need for a broad based SPD to allow for the programme to respond to challenges and changes that could occur during the lifetime of the programme:

'There needs to be a balance between tying down the SPD so much that you have no room for manoeuvre as the programme progresses, and having some definition of what you're going to do, so people have a guide as to what the programme is aiming for, but with enough scope so changes can be made where necessary. You need some flexibility. So if you have a measure which focuses say on small businesses, if you find two years down the line that it would have been better to have a bit more flexibility about the range of firms the measure is aimed at you can bring about a change. I would say on balance that breadth is good.' (P2 Interview M)

A member of the P4 DP argued that the flexibility in the SPD allows the SYO1 Programme to respond to changes that have occurred during its lifetime:

'There have been huge policy changes since the SPD has been written. The NRF is one example and there are others. So there's a need to take these things into account; so we're lining up what were doing with other things that are happening'. (P4 Interview L)

In contrast to evidence from previous SF programmes (Bachtler and Turok, 1997; Bentley and Shutt 1997; Boland 1999a, 1999b; Lloyd and Meegan 1996), a greater degree of consultation can be seen to have taken place with regard to the SYO1 Programme. Indeed although criticism has been forthcoming from members of P2, much of this is to do with there being too much consultation, not acted on quickly enough. This has resulted in an SPD that largely reflects the wishes of the stakeholders questioned. The degree to which the broad nature of the SPD impacts on the implementation of the SYO1 Programme will be explored in the remaining sections of this chapter.

5.3 Management: Complexity in Sub-Regional Planning

The management of the O1 programme will have an impact on the ability of stakeholders to fulfil their aims and objectives (Bache, 2001). The management structure is set out fully in Chapter 2. This section will look at the role of the Programme Executive and the DPs within this structure. The previous section noted concerns with regard to the broad nature of the SPD. These are also evident in relation to the management arrangements for the SYO1 Programme. This is reflected in the following comments:

'I think that there's a level of understanding and engagement with what's gone into the SPD, how it's been developed that perhaps hasn't been there before. Where it started to become difficult was when we started to look at the structure for the management arrangements for the programme; it's so broad and people can read into that what they want. There needs to be a more definite structure so people know what's happening and where to go'. (P4 Interview A)

Concerns were also raised in relation to the transfer of the management of the programme from the SYF to the Programme Executive. Early in 2000, GOYH established the O1 Programme Executive, based at Dearne Valley College, staffed by seconded civil servants, who brought forward implementation structures and systems. The Priority Managers led a parallel development through the Policy Unit around programme content and management arrangements. The Policy Unit merged with the Programme Executive in April 2000. However, the management structure faced criticism that it did not develop and evolve from what had gone before:

'There was a big shift when it came to firming up the management arrangements. The South Yorkshire Partnership worked quite well in developing the programme. As it came to bring the programme to life, the GOYH became more involved and seconded servants into what became the O1 Programme Executive. So it didn't evolve from what had gone on before, and all the relationships and understanding

that had grown up in the SYP didn't transfer and tended to fragment'. (P4 Interview B)

The belief that the establishment of the Programme Executive had led to the loss of ownership of aspects of the SYO1 Programme was also expressed:

'We started to see the way decisions were being made and key decisions about the nitty gritty, how the scoring of projects is done, which is really important to the voluntary and community sectors, all the technical aspects; we were no longer involved and the door started to close a bit. And the work was being done by people who weren't involved in the initial period, so didn't know where we were coming from'. (P4 Interview A)

But perhaps the most significant development in terms of management came with the introduction of DPs. A DP oversaw each Priority in the SPD. At the outset of the programme DPs were expected to fulfil a key role, which would unfold over time in the programme. DPs were to develop a policy framework for the programme complement, annual delivery plans, selection and scoring criteria, measure impacts and outputs (including quantification), and quality assurance; integrate cross cutting themes; address match funding issues and connections and linkages with other programmes; instigate project approval and programme performance review, at the Priority (and respective cross cutting theme) level; and establish panels, drawn from the DP, to undertake project approvals independently, consistently and transparently (SYF 2000b).

The main management task for DPs therefore was to act as the champion, safeguarder and standards upholder for the aims and objectives of the six priorities (SYF 2000b). DPs aimed at ensuring ownership of each priority lay in the hands of those stakeholders most directly involved. This is reflected in the comments of one member of the DP for P4:

'At DP level we were actually doing what we said we would in line with the SPD, but more sticking to the Programme complement; there was a time when I thought this is how we are going to deliver it-but somewhere we were being trodden on.

However the DP has built over time; instead of being nodding dogs, there is a lot of strength within the partnership; where we felt bureaucracy was being imposed on us, resistance would develop and we would get to do what we said'. (P4 Interview B).

By summer 2002 this member of the DP felt that the DP had been able to maintain its line and remain true to measures set out in the SPD and programme complement:

'In the main I feel that P4 has adhered to measures originally in the programme complement. P4 DP was probably slow to begin with because this responsibility was kind of unique to the sector and perhaps a mite scary. However, the partnership and its sub- groups raised their game in order to achieve the strategy. It should be noted that partnership members and advocates have had to endure a lot of criticism, because many out there do not understand that Objective 1 was being delivered differently'. (P4 Interview B Repeated)

The problems for P4 in developing a DP which would prove able to maintain and defend its aims and interests over the lifetime of the programme, were illustrated by a community worker:

'The other DPs, because they represent heavyweight institutions or organisations, they have other mean of exerting power and influence; unlike the voluntary and community sectors they have other arenas where they can sort things out and trade things off, whereas the voluntary and community sectors have to deal with things on the face of it and front up in meetings. We haven't got that institutional weight and I don't think that we will ever be that kind of institution because of the diversity of the sector, and I don't think that anything would be achieved by undermining that diversity. So things tend to operate differently to the other sectors'. (P 4 Interview A)

The capacity of the DPs to resist attempts to shift power away from them over the longer term was open to some debate. Commenting at the beginning of the implementation stage in late 2000, a representative of P4 commented that:

'The Programme Executive and civil servants are slowly and steadily undermining the Partnership approach and centralising the bureaucracy; and there's a danger that the DP's are more and more like talking shops with little or no influence'. (P 4 Interview A)

However as the programme has progressed, the DPs still appear to be maintaining some influence. The main problem particularly in the case of P4 is whether they would be able to influence matters with regard to match funding and the impact this may have on power relations within the programme. The issue of match funding was still largely unresolved 18 months into the programme. This cast doubts on the capacity of the P4 DP to influence and resolve one of the most important issues for the sector. The issue of match funding will be examined later in this chapter. This issue was taken out of the hands of the DPs when a change in management structure saw them abolished in favour of the setting up of strategic groups at the beginning of 2002. The changes mean that the thirty-two measures, which were formally split into six priorities, were now to be grouped into three strategy teams. P1 and P2 were grouped into the Business and Enterprise group, P3 and P4 formed the People, Communities and Skills group and P5 and P6 made up the Development and Infrastructure Strategy group. A member of P2 DP, who also had a role on the Programme Executive, set out the reasons for the changes:

'Reaching the targets for the next five years needed more accountability and clarity and the previous system was blocking this. The contact between the priorities is not very good. The set up led to something of an inertia. The new measure will help to bring a more rounded approach. They don't have the authority to make decisions, they can advise and recommend. This will help companies about where to go'. (P2 Interview H Repeated)

The change from the DPs to the new strategy groups was met with surprise by members from both P2 and P4. A mixture of believing that the DPs had worked well and a fear that the new groups would mean a loss of ownership were behind a general opposition to these changes. In the context of P4, the conviction that the DP had worked well on behalf of the voluntary and community sectors was expressed:

'It was a good cross section of people; it was well serviced, plenty of discussion. I thought it was working quite well, and was rather surprised when they decided to knock them all on the head'. (P4 Interview D Repeated)

A member of the P2 DP felt the change in structure had come just as business representatives were beginning to understand how the process worked:

'It has taken a while for P2 members to grasp how the programme structure was working and I felt that we were just getting a grip on things when the changes were brought in. There's a worry that this is the bureaucrats trying to get their hands on everything and that the programme will lose any momentum it had gained over the last year'. (P2 Interview D Repeated)

This member of the P4 DP also reflected the thinking found in both P2 and P4 as to why these changes had been made:

'I have been told the reasons why the DPs have been replaced, but I don't really believe them. I think the O1 programme has probably got the difficulties of other O1 programmes, in that they have tried to involve a lot people and that take a lot of time in terms of the Secretariat. They have got to service and prepare meetings and documents, inform people and that prevents them from getting on with making decisions and implementing them. They have carved out all the democracy and what we were getting is an executive style process. Whether that will work we'll have to wait and see. Despite the development of such bodies as the SYOF we're still depending on the goodwill of people on the Secretariat'. (P4 Interview D Repeated)

This thinking appears reflect of a lack of trust between some members of DPs and the Programme Executive. Opposition to these changes is evident from the interviews conducted for this thesis. This is despite one of the reasons put forward that a lack of a 'joined up approach' was hindering the programme being a major concern for those who expressed their opposition. This is reflected in the comments expressed below:

'The P4 DP constantly expressed concerns about joint working and the capturing of cross cutting themes. However, it did seem to go into defensive mode when abolition was announced. My own opinion is that this was brought about by ineffectiveness of one or two other DPs and perhaps an inability of leaders to manage the situation by reeling things back in where they were not working properly or having the desired effect. So, in short I did not accept the reasons offered for abolition or DPs and have not had enough involvement to comment on the new model'. (P4 Interview C Repeated)

It remains to be seen what impact these new groups will have on the SYO1 Programme. As has been noted there appears to be a distinct lack of trust in the motives of the Programme Executive in bringing about the abolition of the DPs. The claim made by some interviewees that the changes are merely to make the administration of the programme easier will only become evident over time.

5.4 Administrating Complexity

This section examines the administration and implementation of the SYO1 Programme. Five issues are explored: the idea of developing a 'joined up approach' to the programme; delays with regard to staffing and development of the programme; match funding; measures and outcomes; and the capacity of stakeholders to access funding.

5.4.1 Developing a 'Joined up Approach' to the SYO1 Programme

The notion of developing a 'joined up approach' to regeneration has been central to the Labour government's thinking with regard to regeneration (SEU, 1998). Indeed a report by the SEU (1998), claims that a lack of joining up at local level had been one of the major factors behind the lack of progress in the regeneration of poorer communities. Two particular aspects of this debate are relevant here: the degree to which the SYO1 Programme works as a coherent structure and whether a level of co-operation exists amongst the stakeholders in South Yorkshire; and whether a

‘joined up approach’ on a wider basis and how, or if, this approach is being followed at a national and EU level.

One of the reasons put forward for the changes in the management structure illustrated immediately above was that there is a need by the different stakeholders to be aware of what was happening in other priorities. During the early stages of the programme, there were apparently few signs of a ‘joined up approach’ occurring across different DPs. This emerges from a member of the DP for P4:

‘This is a continuing point of concern and the DPs have got to address this to make sure there are relationships between the priorities. P5 seems to be going its own sweet way. We are quite a major operator in the town centre (Rotherham), but there has been absolutely no consultation and we would have a point of view on the town centre from a user point of view. The other priorities are equally important; but I am not sure how strong the arrangements are and whether the determination is there for cross priority co-ordination, I think it’s essential but I am not quite sure whether it is there’ (P4 Interview D)

The argument that there is a need to develop the SYO1 Programme in such a way that there is greater linkage amongst the six priorities, is outlined by a voluntary and community sectors worker with experience from involvement in several priorities:

‘Some of the other priorities should be looking at issues like childcare. It should be an issue for the Strategic Economic Zones (SEZ). If you’re going to have inward investment, you should be dealing with these key issues and it should be funded out of the priorities. That would be one way SEZ’s could be better linked to Community plans’ (P4 Interview F)

This interviewee also felt that the UK government could do more to ensure national policies complement those areas in receipt of European funding. A lack of integration across initiatives dealing with similar problems has been noted in other studies (Regional Co-ordination Unit 2002; SEU 2000). Concerns have also been raised that deprived areas do not receive their full share of resources through mainstream investment (DETR 1998). However efforts to integrate existing and

additional mainstream investment appears to remain problematic (DETR 2002); this is evident in the SYO1 Programme:

'The government could do more. They could look at benefits and issues like childcare and how these could be changed to help people back into training in places like South Yorkshire. You look at what the government is doing to help the process and it's not very much' (P4 Interview F)

The failure to construct a 'joined up' approach despite the fact that the receipt of EU grants are part of an agreed programme and do not appear out of nowhere, can be identified in uncertainty over the eligibility of the NRF for match funding and the failure to introduce the CEF in time for the current O1 programmes to develop their SPDs. A member of P4 DP stated that:

'The P4 DP, for the first six months of its life, had one full time officer with a part-time secretary. I can't imagine that happening elsewhere. There should be more resources to help the sector work together. If the CEF would have been available much earlier on we would be in a much better position'. (P4 interview D)

The argument here is that central government could have done more to coordinate its own policies with those of the EU. The belief that there was a failure to develop a 'joined up approach' to the SYO1 Programme is also echoed in the thoughts of a community sector worker:

'O2 runs out at the end of the year (2000) and the general funding of projects is not likely to start until early 2002, so there is a bit of a gap. There is no continuation of funding and the P4 DP never realised how long the process would take to kick in'. (P4 Interview H)

This interviewee argued that this gap in funding could lead to the possibility that some groups in the voluntary and community sectors may be put out of existence before they were able to gain from the SYO1 Programme. The resultant loss of such groups would hinder the potential to develop capacity in the sub-region:

'I think that some organisations are going to go down the pan before they even get the money. We were lucky because we have got SRB6. If we hadn't I don't know what we would have done, and I think that you're going to lose capacity in communities before the programme gets going'. (P4 Interview H)

One possible answer to the problem of a funding gap between different programmes can be found under P5, which was concerned with supporting business investment through spatial development, and where a transitional phase for funding was introduced. The amount of funding available to P4 however appears to have limited this option on behalf of P4:

'I felt that there might have been a transitional phase for funding. P3 did it; but there's so little money in P4 if you did a transitional round it would have gone to the usual suspects but at least it would have been spent'. (P4 Interview H)

The thoughts expressed below by a member of the P4 DP reflect a belief that SF programmes do not figure highly in UK government thinking and, as a consequence, constraints have been placed on the South Yorkshire stakeholders:

'I don't think that SFs figure very highly in government thinking. In some ways it's a positive thing. Because the idea of community development is higher up the agenda in O1 which fits in with what were trying to do in P4. But it doesn't fit neatly together. The NRF is very much around service delivery and giving people a say in how services are delivered. P4 is more about the role of the voluntary and community sectors, either getting people involved, or indeed delivering projects on the ground. There is a tension there which is difficult to overcome and some boroughs are more successful at bringing the two together than others'. (P4 Interview M)

5.4.2 Programme Delays

This thesis has already discussed how the experience of past SF programmes has shown that the implementation stage has often proved problematic, and that considerable time and resources are often spent on resolving issues of management

and administration (EKOS, 1999). Several problems were also experienced in the O2 programme for Yorkshire and the Humber. These included, in 1994-1996 an inexperienced and under- resourced Secretariat (at the outset of the programme) led to delays in the SPD becoming operational, thus exacerbating problems in agreeing the SPD with the Commission. And in 1997-1999 another delay in agreeing the SPD was compounded by the introduction of new arrangements, primarily Action Plans, which proved to be more time consuming and difficult to agree and implement than originally envisaged. The key lesson here is that once a programme falls behind, it is extremely difficult to make up lost ground (EKOS, 1999). Evidence that stakeholders from the SYO1 Programme had learnt from past programmes did not appear to be encouraging. A paper for the PMC in early 2001 reported P2 fears as to how the programme was developing:

'At both of its recent meetings, the Partnership has expressed serious discontent at the rate of progress in resolving issues associated with "match funding". These delays, unless rectified immediately, could lead to valuable projects, which the Partnership has endorsed, being terminated because transitional funds from P2 cannot be made available. The Partnership is also very concerned at the general rate of progress bringing the whole O1 programme up to full running speed. Members reported on behalf of the communities which they represent, that there was serious risk of wholesale disillusionment with the whole O1 programme' (GOYH Internet Site)

Fears in relation to the development of the programme and how GOYH has handled resources, have also been expressed by members of the P4 DP:

'I think the programme set off in a way that will mean it is going to be facing difficulties all the way through. It was almost as though people pretended not to know that the O2 and O3 programmes were coming to an end and a new programme was starting in January 2000. Exactly the same thing happened between the last 5-year programmes. There is always a hiatus where everything stops and nothing happens for a year and then everything starts late. It's been worse with O1 than any other. I don't understand why and I think it's got the programme off to a fundamentally bad start. I really think they should have had

their staffing sorted out. They should have got the programme and the promotion sorted out. There's a mid term review when so much of the money has got to have been spent; so some of the big players will take advantage of that, they will have a dozen schemes ready to mop up money because no one else has the resources to do it'. (P 4 Interview C)

Instead of the ideas that a contest over governance has affected the development of the programme or that national government has domination over all aspects of the management of the programme (Bristow et al 2001; Boland 1999b; Marks 1994), it may be argued that the situation in South Yorkshire is more akin to what can be described as a 'deficit of governance', with a lack of leadership or control threatening adversely to affect implementation. As a member of the voluntary and community sectors points out:

'If something like the Government civil service with all the resources they have out of Europe, can't get themselves sorted out in terms of staffing and activity in time, what hope is there for the rest of us, I think its incredible that were almost two years into the programme and there still messing about looking for staff'. (P 4 Interview C)

Concerns were also expressed as late as summer 2002 that delays in getting the programme up and running may lead to the loss of funding for the voluntary and community sectors:

'It's very slow. The intention is to have 38-community Action Plans agreed and running before the end of the programme. We're nowhere near that figure. I think that it will have to be extended or money will be lost and it's largely not the voluntary and community sectors fault as the programme started late due to the government messing about'. (P4 Interview C Repeated)

5.4.3 Match Funding

SF programmes need to be broadly matched, £ for £, from domestic sources. The issue of match funding has proved markedly contentious and has led to a number of problems in previous O1 programmes (Boland, 1999a). A briefing paper on match funding for the SYO1 Programme identified a number of concerns (MTL, 1999). The paper commented that ‘the assessment is that there would be a public sector match-funding shortfall and while in a large part the money is, potentially, there, a number of obstacles are put in the way of accessing significant parts of it’ (MTL, 1999, 2). Furthermore, it was argued that there was a need to learn lessons from past programmes, particularly in practical experience from the Yorkshire and Humber O2 programme, where the consequence of match funding problems led to an undeliverable programme and underachievement in terms of impact were apparent (MTL, 1999, 2). The DETR in responding to the Coalfields Task Force report in its representations on match funding stated that:

“Making match funding automatically available to schemes in receipt of EU grants could skew the limited resources away from domestic priorities towards those identified by Europe”

MTL (1999, 2) note three points in answer to the stance taken by the DETR. First, schemes in receipt of EU grants are part of an agreed programme by the Member States and the Commission. As such they do not ‘pop up out of nowhere’. Consequently planning specifically for such programmes should not be out of the question. Second, in the context of the SYO1 Programme, there is no substantive difference between domestic priorities and those identified by Europe, so again a joint approach can be justified. Third, the Prime Minister set out seven challenges for the Civil Service, repeated in the ‘Modernising Government’ white paper of which the second involved getting staff in all departments to integrate the EU dimension into policy thinking.

On the basis of this briefing paper (MTL, 1999, 3) the SYF proposed that the Deputy Prime Minister and the Secretary State for Environment and the Regions should cut through the SF match funding tangle by setting up a multi-departmental

task force drawn then from DETR, DFEE, DTI, HO, MAFF, DCMS and Treasury Officials. This task force would be charged with working with the SYF, Yorkshire Forward and GOYH on an intensive review of budget lines, rules and regulations. The brief of such a task force would be to respond to the Prime Minister's challenge to the Civil Service on integrating the EU dimension and to report to the Deputy Prime Minister on what available resources could be freed up for match funding, and what could not and why. However, in spite of evidence from previous SF programmes highlighting problems revolving around match funding, the UK government appears to have failed to solve these difficulties. Indeed a report by the SYOF undertaken in October 2002 found that match funding was one of the biggest difficulties identified by community partnerships in accessing funding from O1. One of the problems with the match funding issue in the South Yorkshire programme is that stakeholders are unsure of what is available as match funding and what it can be used against. As late as July 2001 for instance there was still confusion within P4 over whether the NRF could be used for match funding:

'It would also been a darn sight easier if, when the government produced the NRF, it would have designed them in a way that they could be easily matched with O1 money; who knows why they didn't; it could have gone on a single grant and have been much easier for everyone concerned'. (P 4 Interview C)

The idea that making match funding automatically available to programmes in receipt of EU grants hinders UK domestic priorities would still appear to hold sway (Evans, 2002; MTL, 1999). There appears to have been little thought of making new programmes such as NRF 'match funding' friendly, despite the fact that this is a major problem affecting programmes such as O1. Similar problems can be seen in the first MO1 Programme, when there was confusion over whether the UK government's New Deal package could be used as a source for match funding purposes (Evans 2002). In turn there has been no acceptance of the idea of 'one pot' for match funding requiring one application. In the context of the SYO1 Programme the problem with regard to match funding for P4 in particular is highlighted in the idea that:

'P 4 doesn't have a natural source of match funding, unlike the other priorities; it is difficult to work out how to get the two to line up. This benefits the bigger community groups at the expense of the smaller ones'. (P 4 Interview D)

It can be argued that the level of influence that stakeholders are able to cast over the programme is greatly influenced by the match funding issue. In previous O1 programmes this has left stakeholders, able to supply match funding, such as central government and local authorities, in a dominant position in influencing the direction of the programme (Boland, 1999a, 1999b, Evans, 2002). The problem for P4 is reflected in the following comments:

'The match funding situation has left the community sector, which traditionally isn't given funds to distribute to itself the way that other organisations are, at a serious disadvantage when trying to access O1 funding. The issue of match funding is absolutely key; and what will be interesting to see where the community sector has a degree of control over aspects of the O1 money, who blinks first; whether they can persuade the keepers of the match funding to align their funding to the P4 priorities or whether the P4 DP and O1 Programme Executive will be so desperate to start spending money that actual access to it will be controlled by access to the match funding'. (P4 Interview F)

A second observer agreed:

'One of the biggest problems we have in P4 is securing the match; as it doesn't fit neatly together there are questions of who leads and who owns. It would have been a lot easier if government would have ring-fenced £80 million for P4 and said there you are get on with it, but that hasn't happened. What we're having to do is negotiate with each of the boroughs on how to align the match and where we can get it from, and that has been very frustrating and time consuming. (P4 Interview M)

However in contrast to evidence from previous O1 programmes (Boland 1999a, 1999b, Evans 2002), it was argued by a P4 DP member that the voluntary and

community sectors in the SYO1 Programme had managed to maintain a degree of control over the match funding issue, although problems were still evident:

'We have been able to get some match funding against the policies that have been developed and that has been good; but there are still some areas where there has been no apparent match funding; but they have stuck to the policies and are trying to find the match from somewhere; but I don't think they have bent the policies just to get the match funding'. (P4 Interview C Repeated)

With regard to P2 there appears to be less of a problem in finding the sources for match funding, although there is still a degree of confusion:

'Match funding is always an issue; it is less of a problem for P2 than other areas because of where we can draw that match from (RSA etc.). Match funding has been a huge problem and issues with regard to the co-financing with the LSC, because when the programme was designed we were convinced that the match for the ESF that we were bringing in with the LSC, would be matched in cash and it's proved not to be the case and I am sure that is why the intervention rates are set where they are'. (P2 Interview M)

5.4.4 Measures and Outcomes

Regeneration programmes usually require targets and indicators to aid monitoring and assist with longer term strategic planning. Traditional evaluation methods have often proved to be a cause of resentment and difficult to apply particularly in the case of community economic development initiatives (Armstrong et al, 2002). In the context of the business and voluntary and community sectors a number of issues emerge. These include the case of the business sector where the perceived preoccupation on creating jobs in regeneration programmes is often incompatible with the desire of businesses to be flexible and remain competitive (Griffiths, 1998). A further issue concerns capacity building and how this is to be measured. Capacity building of local institutions is one of the stated objectives of regeneration programmes such as SRB and O1. Gray (1998) argues that the emphasis on quantitative indicators (e.g. training places provided, jobs created) can be seen as

one of the major factors behind the marginalisation of community organisations from the preparation and implementation of urban funding bids. Difficulties in setting the right targets for projects were set out by an employee of one of the Sheffield universities, who had been involved under P2:

'The EU wants people to become more responsible for their targets. In the past when you have worked with Government Office they weren't as concerned with checking outputs. In the last round of funding this has become much stricter. This thing about the creation of jobs is a major problem. Most companies don't want to create jobs. In fact the requirement to create jobs is a direct counterpoint to what a company wants to do. They want to be cheaper and more efficient rather than job creators; there is a definite tension there. The impact of these targets can demotivate people who are responsible at the ground level, because targets are not achievable'. (P 2 Interview A)

The issue of outcomes and the demand for job creation is one that is often raised when referring to the role of the voluntary and community sectors in regeneration programmes (Armstrong et al 2002, Gray 1998). The argument here is that a focus on job creation does not adequately measure capacity building projects and that an alternative needs to be found (Armstrong et al, 2002; Taylor, 2000). A member of the P4 DP argued that the job creation issue had not been addressed:

'The voluntary and community sectors have given up fighting the emphasis on jobs. In my opinion the jobs requirement is not quantified or qualified correctly'. (P4 Interview H)

In attempting to develop an alternative method for measuring capacity building, Skelcher et al (1996, 51) state that 'the assessment, monitoring and evaluation of urban regeneration initiatives requires qualitative as well as quantitative indicators'. Gray (1998) also argues that there is a need to develop indicators and outcomes specific to the needs of CED and capacity building initiatives. In the context of the SYO1 Programme some work had begun on developing a better understanding of the impacts of CED based projects:

There is always an issue with outputs with O1. It would have been much better to not to have had outputs and just concentrated on the outcomes, but that's not the way of the world. We should be looking at outcomes that really measure CED activity, though it's very hard to do. You cannot take a blanket approach to CED every one has its differences. We set out a Community Development framework at the beginning of the programme, which looks at a whole range of indicators that we think are more realistic, which can tell us how the community partners have been strengthened as a result of this investment; so we're not capacity building for the sake of it. The commission were very positive about this'. (P4 Interview M)

How useful such indicators prove to be will only be known in time. However the need to achieve certain outputs continues to cause difficulties within sections of P4. There has been an increasing focus on the importance of ICT skills in regeneration of poorer areas. This is related to the notion of learning regions in which comparative advantage is seen as less a function of natural factor endowment and more of being created by the effective use of technology transfer and innovation initiatives (Morgan, 2000, 322). Indeed P3 of the SYO1 Programme is dedicated to increasing ICT skills within the South Yorkshire sub region. However there appears to be a growing consensus within the SYO1 Programme that while ICT skills are certainly important, nevertheless too much emphasis and money being dedicated to this particular priority. Rather there is a belief that the programme would be better served concentrating more resources towards improving the basic skills of the workforce. One example of such thinking can be viewed in the comments from a P4 representative:

'A key problem in South Yorkshire at the moment is that there is a shortage of construction skills. For example developers in Kelham, where we have a project, cannot get bricklayers to do the job. ICT is a growth industry and almost every job theses days needs some type of ICT skills. But if you're going to get people from communities such as this involved you need to look at the real problems. What we are talking about are people who have worked in traditional industries or their fathers or grandfathers did, and haven't the knowledge of ICT, or don't have access to a computer and probably scared of it; you have got to look at other skills. It's pointless having all this construction work arriving out of the SEZ, if you're going

to be employing people from outside the area. It's going to do be doing nothing for the GDP for the area'. (P 4 Interview F)

A member of the P4 DP echoed these thoughts:

'I don't think anyone knows what the outcomes are going to be. For those who have to do it, it's just intelligent guesswork and you try to make it look as plausible as possible. I think it distorts the way communities need to grow. For instance, there is a lot of money for ICT skills because it is seen as a barrier to employment; but they need to put that in context with other skills such as numeracy and literacy; but the resources are not always there for this. And in a time when that kind of output driven model is affecting nearly all government programmes, you have people developing computer skills, but can't take jobs up because their literacy isn't very good'. (P4 Interview D)

These comments raise important points. For instance skills required successfully to draw up a plan by which 'genuine' outcomes for a potential project can be correctly deciphered are likely to be lacking, particularly in the case of small-scale CED projects (Taylor, 2000). There is also the potential for the capacity of the stakeholders to be constrained by an over emphasis on measures such as ICT in preference to concentrating more on developing basic skills and increasing the employability of those most in need. However a member of the Programme Executive argued in the summer of 2002 that the management of the programme had listened to these arguments and acted:

'I don't think that it is the problem it is perceived to be. A lot of the money going on ICT is aimed at the 13-16 age group. It's about looking to the future rather than at getting people into high-tec jobs or training. If you look at measure 16, for instance, about a year ago we had a meeting with people from the South Yorkshire Housing Association and other groups involved in building social housing. They had commissioned a report that suggested that a shortage of construction skills would occur over the next five years if something wasn't done. The DP has responded to that and money has been put in place to deal with this issue' (P2 Interview M)

In assessing whether outcomes can be said to represent the perceived needs of particular stakeholders, in the context of P2 doubts have been expressed as to whether there are sufficient business skills within the South Yorkshire sub-region to achieve the aims set out in the programme. Concern was raised as to whether measures and outcomes set out for P2 were set out in a manner to deal with this problem. These fears were expressed by an individual from the management of the programme who stated that:

‘We did a survey of businesses in South Yorkshire. We found that only 5% had enough skills to get by without any help. A further 20% could be successful if they were able to receive some help. However this leaves 75% who were deemed to be lacking the right skills to run a successful business’. (P2 Interview D)

This suggests a need for resources to be spent on improving business skills within the South Yorkshire. As a member of the P2 management staff argued:

‘You can’t change people’s approach to business by giving them money, you need to re-educate them, and this isn’t going to happen were just giving them money in the short term’. (P 2 Interview E)

5.4.5 Capacity Building and the Application Process

The capacity of stakeholders to engage in regeneration programmes such as O1 is likely to vary widely both within and between sectors. Capacity building incentives seek to enhance the ability of communities and stakeholders to regenerate their own areas. Interest in capacity building has gone hand in hand with a move towards a greater involvement of communities in the regeneration process (Taylor, 2000). Momentum for such capacity building incentives in the UK gathered pace in the 1990’s, particularly in relation to strategies for community economic development in areas of ‘low economic activity whose members have lost the ability to compete in the labour market’ (EC, 1995, 85). The role of community capacity building as a precursor to community economic development was strongly emphasised in an overview of the EU SFs in the UK and was incorporated into guidance for these programmes. However, as Banks and Shanton (2001) note, the language of capacity

building is almost exclusively applied to the community sector. It has not yet been applied with the same force to their potential partners in regeneration, whether in the public or private sector. This leads to the question whether such capacity building is required for all stakeholders involved in the process (Banks and Shanton, 2001)

Obtaining funding for regeneration projects is often a complicated process. The requirement for match funding in SF programmes adds a further complication to what is often an already difficult application process. Numerous studies have focused on constraints on the voluntary and community sectors in accessing SF and UK governments funding (Boland, 1999a; Carley and Kirk, 1998; Carley et al, 2000; Lawless, 2001; Taylor, 2000) and on barriers for business partners in contributing to, and obtaining support from, regeneration programmes like O1 (Griffiths, 1998; McGregor et al, 1999).

In terms of the capacity of stakeholders to construct feasible bids, a community sector worker with experience of obtaining funds from SF programmes, outlined the difficulties for P4:

‘Most people can cope with an ERDF application, but to do one ESF application in a small organisation is just about out of the question; you need 3 or 4 people in an office to do a proper application’. (P 4 Interview C)

This implies that P4 faces potentially greater problems than the other priorities because its share of the O1 pot has a greater percentage of ESF funding. This leads to the possibility found in other SF programmes, that funding will go to those groups with experience of the application process (Boland, 1999b, Evans, 2002). These problems appeared to have been amplified in P4 with the apparent lack at the outset of the programme of any organisation able to assist prospective bidders with advice on the application process:

‘Only the people with the expertise and the big voices will get anything out of the first round; there’s nothing really to help people out putting bids together. Vonef has shut down because of match funding difficulties; they used to help with people wanting to make bids; Secretariat can’t help the hundreds of small organisations,

and the Open Forum has only one member of staff at the moment'. (P 4 Interview D)

In previous programmes this has led to funding going to the 'usual suspects' that is those with experience of accessing funding from similar programmes at the expense of those new to the field. However as has been outlined in Chapter 4, with the commitment from the P4 DP to develop Pioneer Communities, it has been argued that funding would indeed go to those most in need:

'The DP was very clear that the usual suspects would not get the money, so we didn't open the doors and say here is what we want to do; get your bids in. Because we knew that the well-established organisations would be the ones that would be those that could access the money and the really disadvantaged areas would not get a look in. What we've done is identified the neighbourhoods and then work with them to develop projects. That hasn't always been popular, because it takes time, but we have to do that'. (P4 Interview L)

In this respect the role of the South Yorkshire Key Fund, which pulls together, at source, resources from a range of funders, is seen as a good example of making the application process more user friendly for voluntary and community sector organisations (Lawless, 2001). The role of intermediaries such as the Key Fund has been seen as a way of lessening burdens on the voluntary and community sectors. The Global Grants scheme funded under P4 can be seen as a further attempt to alleviate these problems. This scheme which is run by the South Yorkshire Key Fund, has handed out a quarter of a million pounds in small grants to local voluntary and community sector groups in just five months since its outset. The scheme offers grants of up to £10,000 and is particularly aimed at groups from deprived areas that are at an early stage of development and are working actively and closely with local people. However difficulties with this approach were still evident:

'It is very complicated (the application process for O1). We have tried to make it easier by packaging them into Action Plans and use intermediaries to take some of the burden. The difficulty is in the coal and steel areas, we haven't got much infrastructure there in terms of intermediaries, so we have got to develop them and

that's a big project, and it is going to take time, and needs the will of the Commission and other partners to give us that time. ' (P4 Interview L)

In terms of the ability of voluntary and community sector organisations to access funding, rather than a lack of capacity it was argued by a member of the P4 DP, that in fact it was the bureaucratic demands of too many different initiatives each with their own demands which caused the most difficulty:

'I think that community organisations are flexible and business like, in the way they adapt to various funding regimes. What seems incredible to me is that 90% of new regimes are not really doing anything new; but new systems and new bureaucracy are invented in order to redistribute funding with very similar intentions. That process takes an awful long time'. (P4 Interview D)

Problems were also identified in relation to the delivery of project funding. This has often been a source of discontent within the voluntary and community sectors (Coalfields Task Forces 1998; Duncan and Thomas 2000). As we have noted previously in Chapter 1 the Coalfields Task Force highlighted many of the funding problems faced by community partnerships. In particular, it recommended that the SRB should be used to set up an enabling fund for community capacity building and project development. The Report acknowledged severe problems caused by grant payments in arrears and suggested regular, guaranteed payments to community groups that have secured European and other grants (Coalfields Task Force 1998). A member of the Programme Executive argued that despite arguments to the contrary advance payments were not the best method available:

'ERDF funding works by payments quarterly in arrears, while ESF works on advance payment, which many people feel is what they need when they first apply for funding. It's actually a nightmare to manage both for them and us. 30% of those in receipt of advance payments have to pay it back as they have spent the money incorrectly. Advance payments in general have been in my experience a disaster'. (P2 Interview M)

Businesses involved in P2 often perceive the application process to be bureaucratic and time consuming:

'There is a perception that application for European funding is difficult. It is also going to be perceived by business as a bureaucratic process, because the time lines in business are that much easier. And because you do have to find the match before you start the programme. The match has to be clean and there is also the pressure to deliver, or institutions will be responsible for claw back'. (P2 Interview M)

One problem in accessing funding revolves around the language surrounding programmes (Boland, 1999a; McGregor et al, 1999). This can often lead to confusion and a perception that the application process is more difficult than may really be the case. This led this participant to comment that:

'Its taking 7 months to put it back into a language that people understand. We don't talk about match funding to companies if they don't really need to know. It stops them being ambitious'. (P 2 Interview E)

Confusion over language used in SF programmes was also a problem for the voluntary and community sectors:

'Most of the jargon and language and systems of bureaucracy that surround European and UK funding programmes are very specialist; it is almost like a foreign language and there is a large learning curve needed to allow local communities to engage in these programmes'. (P4 Interview M)

However issues over the application process extend beyond language, to questions of power. The failure to listen to the views of certain stakeholders and the consequences of so doing has been highlighted in other O1 programmes (Boland, 1999a; 1999b; Evans, 2002). The potential for these difficulties to occur in South Yorkshire is apparent as the views of the following member of the P4 DP shows:

'Here was one example where I felt there was an imposition of bureaucracy; we did a brainstorming session for P4, we had an away day where we invited the

Coalfields Regeneration Board, Lottery, members of voluntary and community sectors who are experienced bidders, in an attempt to help design a user friendly application process. However Government Office said this is the appraisal, this is how you are going to do it. This was an attempt to make the process easier than under O2 and one instance where bureaucracy has been imposed and meant that application process would not be user friendly for voluntary and community groups'. (P 4 Interview B)

The level of power that can be exerted by stakeholders may also be affected by the experience gained of similar funding regimes. In the context of the innovation sector, research has shown that education institutions are often at an advantage compared with business sector partners (Vickers and North, 2001). Evidence of this can be viewed in comments from a member of the P2 DP who commented:

'Fear from member companies is that in putting bids together, that a lot of the people who have experience of these programmes, will get the funding, rather than it going to where the true need is; one example is that of the universities who have more experience and perhaps more time than manufacturing companies who are quite lean. Reasonable access to funding is required'. (P2 Interview D)

5.5 Conclusion

The chapter has explored institutional capacity as developed through the design, management and administration stages of the SYO1 Programme. It has shown that a greater degree of consultation has taken place bringing more local actors into the process at an earlier stage than has been in the case in previous O1 programmes (Boland, 1999a; Evans 2001). The broad nature of the SPD and the management structure, have led some interviewees to suggest that the UK government has started to try to take control of the process. However what is evident is the determination of local actors to fight their corner and to impose or at least maintain their own agendas for the programme. The creation of DPs appears to have created a greater degree of 'ownership' for local partners, sustaining an institutional base through which to assert a greater influence on the programme. Abolishing these DPs at the beginning of 2002 has led that to claims that the Programme Executive is attempting

to establish more influence on the programme. In turn this suggests that the notion of a MLG developing into a form of contested governance may have considerable relevance. However this chapter has also noted that a great deal of dissatisfaction exists, particularly with the UK government over its handling of the programme, others point to an apparent lack of local leadership leading to the suggestion of a 'deficit of governance'. Issues that have been evident in other SF programmes in relation to the difficulties encountered by both business and voluntary and community sectors applying for funding have also been raised. There appears to have been little progress in this regard, casting doubts as to whether stakeholders in P2 and P4 can involve themselves on an equal basis in developing projects with other stakeholders. This issue will be raised in the following chapter, which explores the role of partnerships and networks within the SYO1 Programme

Chapter 6. Partnerships and Networks.

6.1 Introduction

In Chapter 5 this thesis explored institutional capacity through the design, management and delivery of the programme. Partnerships and networks running through the SYO1 Programme will also influence the development of the programme. These partnerships and networks will both be influenced by, and in turn affect, institutional capacity in the context of the SYO1 Programme. This thesis has already noted how partnership working is now generally recognised by the UK government and the EU as an appropriate approach to area based regeneration (Carley, 2000; Diamond, 2001). Support for partnership is a central component in a 'joined up' government approach to regeneration, which requires local authorities and public agencies to co-ordinate activities and investment (DETR, 1998). Partnership is also seen, particularly at a local level, as a way of involving residents in decisions affecting their lives (Dobbs and Moore, 2002; Taylor, 2000). There has also been growing interest in the role of 'networks' and 'networking' (Lowndes and Skelcher, 1998). The increased emphasis on partnerships and networks has been given added impetus by requirements from both central government and the EU that bids for funding regimes and the delivery of programmes should be managed and delivered by a widening array of stakeholders including the public, private, community and voluntary sectors.

This chapter will begin by outlining why stakeholders involve themselves in partnerships and networks. Stakeholders' attitude to partnerships will be explored. The chapter will also explore the development of partnerships and networks within the SYO1 Programme. Issues discussed include the nature of the partnerships; resources; the problems that occur from a plethora of partnerships and networks; the development of trust; the role of local authorities; and the role of individuals.

6.2 Why Partnerships and Networks

The first issue to be explored is why stakeholders should involve themselves in partnerships and networks. There are two main dimensions to this issue: benefits that can accrue from developing partnerships and networks within regeneration initiatives such as the SYO1 Programme; and the requirement from funding bodies that successful bids are contingent upon effective partnership working.

The concept of partnership working is ostensibly relatively simple: a range of stakeholders working towards a common goal (Carley et al, 2000). The conviction being here that the causes of urban decline are best addressed by a multi-agency approach. Partnership is seen as the way to do this: a working together of residents and service suppliers, a sharing of power between residents and government, and the creation of new forms of neighbourhood management and governance (Carley et al, 2000). The growth of partnerships can also be said to reflect the complexity and intransigence of the 'wicked issues' facing government (Stewart, 1994). The idea being, that there are issues that can only be tackled by bringing together the resources of a range of different stakeholders. Since its election in 1997 the New Labour administration has placed the importance of community involvement and community-led partnerships as central to achieving sustainable policy interventions (SEU, 2000).

It has been argued that the potential for involving residents in making decisions about urban regeneration has been enhanced as a result of the growing emphasis on partnership working (Smith and Beazley, 2000). Indeed, such an approach would seem to benefit voluntary and community sectors, which have often been excluded from decision-making structures in previous regeneration initiatives (Taylor, 2000). The views of a community worker in relation to partnership working in the SYO1 Programme are of interest. He argues that, although benefits can be seen in partnership structures that have been set up via O1, the focus on developing partnerships particularly on a sub-regional basis, leads to the potential of masking problems that could lead to conflict in the future:

'I think that the jury is still out on that in relation to O1. The voluntary and community sectors have, in my opinion, mounted in some way quite an effective campaign to get its share of resources and positions on committee and decisions making ability. This has been mainly down to the development of the DPs and SYF. However all match funding regimes favour the bigger fish: to them that have shall be given. And the community sector has been building from a lower base. There are differences between the local authority areas in terms of development which needs to be recognised'. (P4 Interview G)

The benefit of being required to work in partnership is reflected in a report into voluntary and community sectors involvement in the SYO1 Programme where Ardron (2002, 11) reports how a SYOF focus group declared that: "the sector (voluntary and community) in South Yorkshire is now more committed to a joined-up approach. It is now a sector committed to supporting each other and working cohesively as opposed to doing so in isolation. It is unlikely that the Sector will ever return to the latter after the partnership approach to the O1 process".

The development of structures such as the SYF and the SYOF has been discussed in Chapter 4. The belief that the SYO1 Programme has been helpful in developing such organisations and structures, which would benefit the voluntary and community sectors beyond the lifetime of the programme, is reflected in these comments:

'At a more organised voluntary sector level, there are a number of structures that are beneficial that O1 could and should claim some kudos for. Through the SYOF the voluntary and community sectors' capacity to engage in the wider areas has been greatly strengthened, the Social Economy Forum has to be worthwhile, and the South Yorkshire Key Fund Ltd is a great development for the sector'. (P4 Interview D Repeated Interview)

However this interviewee also argued that the development of such organisations and the creation of new capacity had not yet reached down to the grass roots level:

'I am not convinced that O1 has created any new structures or bodies at a grass roots level. Lets face it, to be able to engage in getting community action plans drawn up and submitted, let alone approved, would have demanded that your organisation was well established, in the know and had the resources, just to complete the exercise'. (P4 Interview D Repeated)

However, whether organisations and structures created via requirements to work in partnership will exist beyond the lifetime of the programme has been questioned. Maintaining partnerships beyond the lifetime of a funding programme has been recognised as one of the biggest difficulties in creating capacity in poorer regions (Carley et al, 2000; Taylor, 2000). This is reflected in the following comments:

'The SYF has been useful in developing a sub-regional forum to dealing with issues around O1 and such like, but whether people see it as any more than a talking shop is questionable. I don't really see what so many different sectors and organisations have in common, that they have a basis to develop any sort of strategy over a long-term basis'. (P2 Interview D Repeated)

In contrast to P4, the funding of projects in P2, primarily through existing organisations such as Business Link, has led to a belief that co-operation beyond involvement in the SYF would be limited:

'Most of the projects have been placed in the hands of intermediaries like Business Link, as there's no real structure that had developed outside the statutory agencies to serve business interests. Certainly nothing that I can see will last beyond the lifetime of the programme'. (P2 Interview M)

Second, there has been criticism that some partnerships are seen as little more than partnerships of convenience existing only to satisfy funding arrangements (Cochrane et al, 1996). It has been argued that many partnerships fall short of being 'genuine', in that organisations are co-opted into partnerships late in the day to add the appearance of credibility (Hall et al, 1996). Indeed a government report acknowledged 'there has been a danger of paper partnerships, set up to secure

funding and little else' (DETRb, 1997, para 5.4). This view emerged in interviews. A member of the P2 DP commented:

'I think that a number of fellow members (of the P2 DP) and people involved with the SYF are simply there to get the funding. It's an attitude of if I have to do this to get the money, then so be it'. (P2 Interview D)

This comment appears to reflect the idea that stakeholders are entering into partnerships merely because it is seen as a requirement for the accessing of funding rather than a desire to work with others to solve particular problems. As Bennett et al (2000, 43) relate, the purpose of many partnerships is to 'access funding in competition with other places' and as such 'they may reflect the eligibility of government funding regimes rather than the particular needs and aspirations of localities'. This idea is reflected in the comments of a voluntary and community sector worker on why their organisation had joined a particular partnership:

'If you ask why we are in partnership here; the simple answer is because we have to. We don't have the luxury of building partnerships with people we feel have a similar cause or goals. It is needs must for the majority of organisations like ourselves. We need the money from somewhere; it's not ideal but that is the way it is. ' (P4 Interview G)

The next section will explore the attitude of the stakeholders to partnership working, before exploring how this has impacted on the SYO1 Programme.

6.3 Stakeholders understanding of Partnerships and Networks

In exploring the role of partnerships and networks within the SYO1 Programme, understanding by stakeholders of what is meant by, and their attitude to, partnerships play an important role. 'Partnership' is one of the most common words in the local economic development vocabulary and is used in many different contexts (Carley et al, 2000; Geddes, 1998; Mackintosh, 1992). The lack of clarity as to what is meant by 'partnership' in the context of regeneration programmes such as O1, can lead to lack of agreements in the definition not being shared by the

different stakeholders involved in the process. This can lead to confusion in relation to function and roles for the partners concerned. Mackintosh (1992) argues that the concept of partnership in public policy contains a high degree of ambiguity, with potential meanings open to conflict and renegotiation. This can lead to suggestions that examples of genuine partnership working are few and far between:

'There's a lot of emphasis on partnerships. I haven't really noticed any genuine partnership-working going on. Things do need partnerships, but a lot seem to be doing nothing and just clogging up the system'. (P4 Interview C Repeated)

The idea that involvement in partnership and networks can cause as many problems as they might solve was commented on by an individual from the voluntary and community sectors:

'I think partnerships can be both a good and bad idea. I certainly believe that inclusivity is a good idea. However, if it just masks a diffusion of responsibilities then I think it can be counter-productive and clearly what we know have is a plethora of partnerships that often just choke up the system and operate as gatekeepers in that they don't have any positive responsibility and don't perceive of that in terms of delivery. But they do operate as vetos and gatekeepers and slow down the whole process tremendously. And I think that's to do with partly the nature of government, which is to create a sponge like structure by which they diffuse power; it is a protection for themselves to create this sponge around their activities'. (P4 Interview G)

The first question to assess here is the importance stakeholders place on partnerships in the SYO1 Programme. The views of a community worker raise some important points with regard to potential differences between P2 and P4:

'I think that excluded communities in each area have seen that they have much in common with their counterparts, as opposed to partners from other priorities such as business, universities, and local authorities; and as a consequence the communities have been able to develop a common interest through the SYF, which is pretty unusual in South Yorkshire when you hear how difficult it's been to put

together the LSC and how the Chambers of Commerce to my knowledge, don't really have anything that represents the four chambers. I think it's been a much better experience in the voluntary and community sectors.' (P4 Interview E)

The thinking here is that the voluntary and community sectors have a greater desire to involve themselves in partnerships and networks and more common ground through which to mould partnerships, than is perhaps the case for other stakeholders, particularly those involved under P2. Carley (2000) argues that business partners tend to have little patience with 'talking shops' and as such can find the processes of partnership, tedious and non-productive. Moreover, many business partners have little interest in discussing the operational or detailed expenditure aspects of regeneration and prefer instead to give their time to strategic development issues (Skelcher et al, 1996). In assessing whether this is the case in South Yorkshire we first need to explore attitudes to partnership working in P2. A business leader commented that:

'It is the nature of business to go it alone and many are wary or feel they don't have the time to be involving themselves fully in partnerships, or simply don't realise what is required to successfully develop them' (P2 Interview F).

These comments are reflected in the thoughts of a member of the P2 DP whose attitude to partnership working was:

'If I want to work with someone I will. I don't need people telling me to form or get involved in partnerships, it's insulting.' (P2 Interview G)

The idea that the voluntary and community sectors have been excluded from involving themselves in partnerships on an equal footing with other stakeholders has been widely held (Atkinson, 1998; Hastings, 1996). However as Skelcher et al (1996) argue, the small business sector can also find itself in a similar position, when asked to engage in multi-agency initiatives with high levels of uncertainty in terms of the return on investment. As such they can be reluctant to involve themselves in such a process. Indeed businesses which are not used to the practice of having to consult partners before decisions are made tend to want decisions made

at a quicker pace than is normally the case when working through a partnership. As a consequence they have tended to be absent from, or proved marginal to urban regeneration networks and partnerships (McGregor et al, 1998; Lowndes and Skelcher, 1999).

However some perceived that benefits could be gained from partnership. One community worker commented that:

'At community level there is not enough understanding of the benefits of partnership. There is this view in the community sector that if you're not a member of an over-arching partnership, you can forget about the money; nobody has gone deeper and tried to explain what partnership could help them to achieve'. (P4 Interview D)

However within P2, it appears that members of the DP were either unaware of the benefits of partnership working at project level, or simply felt there was nothing to be gained from such partnerships. This thinking is outlined in the comments of a member of the Programme Executive who observed that:

'The biggest P2 project is Invest for Growth, which doesn't require any partnership whatever in terms of the recipients on the ground, because the DPs philosophy was that business know best. I fundamentally disagree with that. I think that business know a lot of what they want; but one of the reasons why the South Yorkshire economy is where it is, is because business don't know all the opportunities that are available to them and need to look to others'. (P 2 Interview F)

The Invest for Growth project mentioned provides up to 50% grant towards the cost of revenue projects (professional fees) and up to 30% towards the cost of capital (plant and equipment). With regard to partnership working this individual further commented that:

'The most difficult ship to steer is partnership and O1 has many different partnerships to satisfy and there are the big agencies Business Link, Yorkshire Forward, and then the industries. You have to have partnerships to obtain the match funding and I am not sure business realise that'. (P 2 Interview F)

Chapter 5 discussed difficulties in adopting a ‘joined up’ approach in the SYO1 Programme and how an apparent failure to achieve this may impact on the programme. The reluctance of some stakeholders in P2 to accept the need for partnership with stakeholders outside their sector may also prove an impediment in introducing this ‘joined up approach’. This reluctance to adopt a partnership approach has not been helped by communication problems amongst members of the Programme Executive. As a member of the O1 Programme Executive admitted:

‘There is absolutely no understanding between P1 and P2 for instance. The DP for P2 was really not taking any notice of what was going on in the rest of the programme. In terms of internally within the directorate, I don’t think we’ve talked enough between the people responsible for the different priorities’. (P 2 Interview F)

In contrast to P2, a genuine desire to develop partnerships appears to exist under P4. A community worker commented that:

‘There’s certainly a willingness within the sector to join in partnerships and to lead some partnerships. The SYOF is a very big development; it has joined together 800 organisations around O1 and SRB and issues related to these programmes and issues’. (P4 Interview E)

The view that working in partnership was important for the voluntary and community sectors, can be seen in the comments of a community sector worker involved in a project funded under P4, who, talking about the importance of partnership working within the SYO1 Programme, stated that:

‘A project like ours’ cannot work in isolation it has to work in a partnership with local people and local authorities; so there is a clear vision where the local services are responsive, plus the voluntary service agencies’. (P4 Interview Repeated D)

There is still however a reluctance on the part of some members of the voluntary and community sectors to look to others to develop partnerships. A community worker stated that:

'Inherent in the communities sector is competition; unless they are in receipt of a major grant to show off to other communities, they tend to be insular in the way that they think. Some would rather throw themselves under a bus than work together, despite the fact that if they worked together they could potentially half the workload and double the chances of obtaining the grant, though it is getting better and people are beginning to look more and more to partnerships as the way forward'. (P4 Interview D)

Despite this view, the general consensus from interviews undertaken within the P4 sector was that a genuine desire to develop partnership and network working existed within the voluntary and community sectors. In contrast stakeholders involved under P2, showed a marked reluctance to accept the need for partnership working and all that this involves.

6.4 Operating Partnerships

The building of partnerships and networks within a programme like O1 will revolve around a number of operational issues (DETR, 2001; Lawless, 2001; Southern, 2002). Three main issues are addressed: nature of the partnership, resources, and partnership overload.

6.4.1 Nature of Partnership

First, there is the issue the nature of partnership. In programmes such as O1, partnerships exist both horizontally, within sectors, and also vertically, covering a range of different sectors and stakeholders. In exploring partnerships, it is reasonable to argue that horizontal partnerships, that are those that exist within the different priorities of the SYO1 Programme, would have more common ground. In assessing whether this holds true, we look first at partnerships within our two case studies. With regard to P2, one of the most important relationships is between the

two universities in Sheffield. Perhaps more than other stakeholders within P2, universities will have had more experience of European funding programmes, particularly through O2 programmes, and therefore may be better equipped to achieve successful partnership working (Potts, 2002; Vickers and North, 2001). The South Yorkshire Technology Transfer Network (SYTTN), funded under O2 is one example of previous co-operation between the two universities. However, despite this previous experience, there seems little appetite for repeating such partnerships and networks under O1. One university employee involved in developing a bid under SYO1, and who had previously been involved under SYTTN, commented that:

'There has been a reluctance to co-operate on bids between the two universities. There has been to my knowledge no real liaison between the two universities about what is going to happen with regard to O1, although there has been some linkage in other areas'. (P2 Interview A)

In early summer of 2002 this interviewee stated that the situation largely remained the same:

'There still appears a reluctance from the powers that be at the universities, to find common ground. The people at ground level are too involved in their own area to look elsewhere at the bigger picture' (P2 Interview A Repeated)

Lowndes (1998, 335) notes a number of dilemmas facing individuals or organisations when deciding whether to enter into partnership. For instance, how much information should be shared with an agency that might be a competitor? Is it possible to trust what a member of another agency says? Will informal agreement be kept? Should negotiations be undertaken formally or informally?

It may be argued that the two universities share the first of these dilemmas when it comes to developing a partnership and have come to regard each other as competitors rather than stakeholders involved in a partnership or network with a common goal. Such an attitude may emerge out of programme delivery. One participant involved in bidding for P2 funding argued:

'It all depends on the funding mechanisms people don't like sharing. If you have got an idea you generally aren't keen on sharing; only if there is genuine sharing and not competition in terms of input from each partner, then it might help develop genuine partnerships'. (P2 Interview B)

Although partnership can said to have been a primary instrument in delivering regeneration initiatives in the last three decades, approaches within the 1970's, 1980's and 1990's were notably different (Bailey 1995). The 1970's concept of partnership was characterised by a relationship between different levels of government: central and local. The 1980's saw the concept change to one characterised by a relationship between central government and the private sector. The 1990's in contrast saw a change into the 'all singing, all dancing' multi-sector partnerships (Bailey, 1995). Under the City Challenge initiative all urban programme authorities were invited to bid for the resources. There was to be an emphasis on 'negotiation between partners' (Parkinson, 1995, 5) bringing moves towards a more inclusive approach rather than, a top-down approach of the 1980's. However concern was expressed about the negative impacts of 'forcing' local authorities into a competition for scarce, yet much needed resources and on what basis winning bids were decided (Beazley, 1996). It has been argued that the two key principles that underpinned City Challenge were carried through into the programme that largely replaced it, the SRB (Smith and Beazley, 2001). The long-term impact of previous regeneration initiatives on the SYO1 Programme has been identified by voluntary and community sector partners. However the belief expressed was that the situation had improved under the SYO1 Programme and that the competitive nature of previous programmes was less evident. A voluntary sector worker with experience of past funding regimes commented that:

'If things are done on a competitive basis, then you can't expect partnerships or networks to develop. The shadow that City Challenge cast across the whole of this process shouldn't be underestimated. The feeling that we are all up against each other is going now and there is a sense that we can do thing together and for proper partnerships and networks'. (P4 Interview E)

A member of the P4 DP, with involvement on the Programme Executive, echoed these thoughts. They claimed that the P4 DP had been focusing on developing projects and partnerships with recipients seen as having the greatest need, rather than leaving the field open to those with the resources to put a bid together more easily:

'It is not a competition, it is not a bidding round; we're looking to develop projects with people not cherry pick the best ones, though we have to balance that with making sure we're spending money and reaching the outputs'. (P4 Interview Repeated H)

The removal of the competitive element to funding may have particular impacts on the O1 process. The development of trust, which various authors and also interviewees in this study have identified as essential to partnership working, may stand a better chance of being achieved if competition is removed (Hutchinson, 1994; Kearns and Turok, 2000; Southern, 2002). In addition the likelihood of money going to the usual suspects is lessened as the focus is moved towards concentrating on those seen as most in need as in the case of Pioneer Communities set up in P4.

6.4.2 Resources

One major concern relates to the costs required from involvement in partnerships and networking (Edwards, 2001; Geddes, 2000). Partnership working takes time and needs resources. It has meant that those with fewer resources, often the voluntary and community groups, have tended to find themselves at the margins (Carley et al, 2000; Taylor, 2000). Indeed while community representatives may formally be recognised within partnership arrangements, they often lack power, resources, and technical knowledge to operate on an equal footing with other parties (Raco, 2000; Taylor, 2000). It is argued that this may result in regeneration initiatives being dominated by organisations that have the experience and resources to deal on a more equal footing with stakeholders from outside the voluntary and community sectors (Geddes, 2000). However this can then lead to these organisations becoming overrun, while more marginalized sections remain excluded from the process (Taylor, 2000).

In exploring the role which resources can play in building partnerships within the SYO1 Programme, the comments of a member of the P4 DP are of interest:

'The biggest problem, and it is one that has been recognised, but not really addressed, is that community organisations just haven't got the human and financial capacity to participate in partnerships, proper partnerships, in the same way local authorities for instance, and other agencies have; when the resources are there they can do the job properly'. (P4 Interview C)

Such a view was echoed by a member of the DP for P4 who also saw hope in the introduction of the CEF stated that:

'I think that the notion of building partnerships laterally within the sector is a really good idea; there is a network of relationships that partnerships can build on. The difficulties arise when you try to put disparate organisations together. This is true particularly of partnerships between the voluntary and community sectors and the local authorities, because the available resources are so different between the two. Resources have to be put into the sector to help them develop and the CEF is hopefully going to do this'. (P4 Interview D)

The CEF is a continuation of recent policies which aim to increase resources for capacity building in the voluntary and community sectors to enable them to participate in partnerships on a more equal footing with other stakeholders. In 2001, the government launched the "New Commitment to Neighbourhood Renewal: A National Action Strategy Plan". This sets out a strategy to tackle problems in England's eighty-eight most deprived neighbourhoods. These include Sheffield, Barnsley, Doncaster and Rotherham. Under this Plan all local authority areas have been charged with establishing a Local Strategic Partnership (LSPs). These partnerships bring together the public sector, business and voluntary and community sectors to try to ensure that public services meet the needs of local people. The intention is that voluntary and community organisations will, unlike similar programmes in the past, be 'equal players' on the LSPs (SEU, 2001). Attempts to help include voluntary and community sector organisations participate more fully in

regeneration initiatives also included the introduction of the CEF. This fund was established to provide resources directly to voluntary and community sectors within the 88 most deprived neighbourhoods to assist this participation. The Fund will provide funds for outreach and support with the aim of making local people more aware of opportunities for participation. It also aims to enable the voluntary and community sectors to increase the scope and effectiveness of their involvement in LSPs. Within the context of the SYO1 Programme, views with regard to the CEF are somewhat mixed. A community sector worker considered that whilst it was welcome, on its own the CEF wasn't enough to deal with the problems:

'Well the CEF is quite small. It is specifically targeted at helping local communities participate in the LSP in relation to the NRF. It is based on local authority areas whereas O1 is looking more at sub-regional partnerships. It will contribute and supply some necessary funding, though I don't think the CEF on its own is enough to deal with the lack of resources. At the end of the day, I think it goes back to this concept of the community sector role and potential relies on a completely different vision and understanding of how the post-industrial economy is going to develop and it is giving a priority to different techniques to developing the social capital that's the supposed engine of the knowledge economy, and I think it is poorly understood by those people who still pursue a purely GDP model of development'.
(P4 Interview H)

In addition a member of the Programme Executive with some involvement in community development suggested that, although programmes such as the CEF were proving useful, their impact on the ability of P4 to enhance partnerships were likely to prove negligible:

'There are a number of smaller programmes that are working effectively such as the CEF. The Academy of community leaders is doing well through the excellently delivered Regen School. However, if you are asking what effect these have on the acceptance/attitude towards partnership, my opinionated answer would be none'.
(P4 Interview D Repeated)

The introduction of the CEF also came after the initiation of the SYO1 Programme. Therefore many important decisions and strategy for the programme had already been laid out, limiting the scope of help which the CEF could bring for voluntary and community sectors. There have in any event been arguments from stakeholders in the SYO1 Programme that the idea of the voluntary and community sectors being lesser partners in terms of resources was something of a myth. Indeed a council employee involved in the programme claimed that:

'I don't think the council has greater resources. In terms of the staff I've got, we're probably on a par with some of the large community groups. The staff I've got who could help people with bids is next to none. We would like to do more and can see many cases where people need help, but we just haven't got the resources'. (P4 Interview F)

The role of local authorities is one which we will explore in greater detail later in this chapter. They do however have an important role to play in the establishment of LSPs. It has been argued that although local authorities were for the most part expected to lead in the establishment of LSPs, they have had to walk a fine line between leadership and dominance (Russell, 2001). As the programme developed, LSPs came into operation and an understanding of what their input became clearer. A member of the P4 DP felt that LSPs were merely a tool by which the local authorities could further assert their authority:

'The local authorities see them (LSPs) as their province. Until the LSP is set up in a proper manner with an equal quota of seats for all sectors, you can forget about them. Local voluntary and community organisations won't have a chance'. (P4 Interview C Repeated)

6.4.3 Too Many Partnerships

A further concern in relation to partnership working is the idea that organisations will become over burdened. The emphasis on partnership working in central government and EU programmes has increased the number of strategic and project partnerships in the region (Lawless, 2001). This increase has created problems in its

wake. One concern raised from case-study interviews was that partnerships were being introduced for the sake of it, causing duplication of ideas and resources. This leads to the problem of ‘partnership fatigue’ (Carley et al, 2000). This may result in the placing of demands on public sector organisations, local community organisations, and the private sector, which may limit their capacity to participate in partnerships. These fears are echoed in the thoughts of one community sector worker involved with the Programme Executive:

‘I think it’s very important to develop partnerships and networks; if you look hard enough the networks are already there. I fear that they will create partnerships for the sake of creating partnerships, when those that are already there are not working as effectively as they could’. (P 4 Interview D)

Speaking again in summer 2002 this interviewee suggested that the problems of there being too many partnerships were still evident:

‘Quite frankly, people are partnershiped to death. More effort needs to be placed on evaluating how these are working and learning from that as opposed to introducing new things that make you feel like a cork bobbing about in the Humber estuary on a windy day’. (P4 Interview D Repeated)

A member of the P4 DP similarly argued that there needed to be greater emphasis on linking in existing partnerships and networks rather than creating new ones:

‘I think that the sector has always accepted that partnership is the key to holistic regeneration. However, it would be useful if the partnerships established worked effectively, without the constant demand to have new ones’. (P4 Interview C Repeated)

This belief that partnerships and networks already established have been played down under O1 is echoed in the thoughts of a member of the steel industry, with experience of networks within that sector:

'We do try to build bridges and develop networks. Government Office could and should have utilised the National Trade Organisation and other trade organisations a lot earlier on'. (P2 Interview D)

The need to focus on developing, and using, existing networks was echoed by a member of the P2 DP:

'I really believe that the use of networks could help progress the programme. They provide a catalyst getting people together and help foster understanding. There are existing networks in place, which people could have tapped into a lot earlier, rather than trying to invent networks and partnerships for the sake of it'. (P 2 Interview C)

6.5 Relationships in Partnerships and Networks

Relationships whether between individuals or organisations can be said to be at the heart of any partnership (DETR, 2001). Human capacity, trust and understanding can take a substantial time to build within partnerships and have been seen as a key to their success (Audit Commission, 1998; DFEE 1997). In the context of this thesis there are three main aspects for us to explore: the building of trust; the role of local authorities; and the role of individuals. These are addressed below.

6.5.1 Building Trust in Partnership Working

It has been argued that effective partnerships require energy and resources in order to sustain trust and confidence amongst partners (Carley et al, 2000: Purdue, 2001). One resource needed to build trust between stakeholders is time. This is often at a premium in time-limited regeneration programmes such as O1. These programmes may therefore place pressure on fledging partnership, creating tensions limiting the capacity of stakeholders to build successful partnerships (Stewart and Taylor, 1995). This restriction on time may also lead to more limited commitment, particularly from statutory bodies, while involvement from voluntary and community sectors, and business sectors may be confined to those with experience of previous funding regimes, who can hit the ground running. In discussing attitudes on the part of

voluntary and community sector organisations in Sheffield, towards working in partnership with the local authority, a Sheffield City Council employee explained that:

'Our relationship is far better than it used to be. Even as recent as 3 years ago, there was real suspicion and real resentment. Every meeting was painful. The council would just get criticised and no progress was being made. Slowly but surely an element of trust had developed. This came from us saying we won't do this or that, but agreeing with the communities what was the best way and if someone was in a better position to supply a service than us, so be it. The communities have seen examples of us doing this, so its not just words anymore. People see that and think ok, they're not trying to control everything anymore' (P4 Interview F)

This can be seen as an example of where an element of trust has built between two stakeholders and as a result the ability to achieve partnership working has increased. However this trust has required a number of years and examples of good faith for it to develop. Whether the SYO1 Programme, with its limited time span for spending the money can afford the time for partnerships to build in this way must be open to some debate. The following comments from a member of the voluntary and community sector are evidence of the problem the limited time open to stakeholders in implementing projects can be:

'The time limit is very difficult. It works around roughly £300,000 for each Pioneer Community. If you have an area where there is no infrastructure and few community groups, it's a major task to develop new structures and partnerships and get people to be aware that there is a pot of money, even before you think about spending the money'. (P4 interview M)

Within the context of the SYO1 Programme, there is also the necessity to work with stakeholders from other sectors. In terms of P2 and P4, difficulties in developing trust and understanding have arisen from what can be described as a different culture within the two sectors. In encouraging partnerships across different stakeholders it is often the case that parties will bring 'a culture' into the partnerships (Carley et al, 2000). This may involve, for instance, notions of 'hierarchy' dominating some

stakeholders, which may inhibit effective partnership working (Lowndes and Skelcher, 1998). Partners need to agree on the parameters and nature of their participation. The views of a business leader involved in the management of the programme both through the P2 DP and also the Programme Executive outlined the tensions that exist between the public and private sectors:

'The principle of working in partnership is not in dispute. However, the reality of partnerships is much more difficult. It is questionable whether true partnerships exist generally if you look at the actual networking; in that sort of activity it is funding that dominates so that government, the supplier in the main of that funding, will always dominate. True partnerships are where there is equality of contribution and resources. Private sector-public sector partnerships are like chalk and cheese; neither is right, you needed to realise that you have to compromise to work within the process. The private sector tends to come to it to seek results and that's the big obsession and they cannot understand why you can't come to a decision within ten minutes. The key is to get the private sector to understand the process and why that is necessary'. (P2 Interview L)

6.5.2 The Role of Local Authorities

Local authorities, whilst still being recognised as the single most important player in guiding local regeneration initiatives, also have to deal with an increasing array of actors in the formulation and implementation of such programmes (Osbourne and Gaebler, 1992; Gripaio, 2002). One of the most important relationships within the context of this study is that between local authorities on the one hand, and the voluntary and community sectors on the other. A review of relationships between local authorities and the voluntary and community sectors concluded that there was a temptation for local authorities to adopt a 'top down approach' (Lawless, 2001). Despite efforts to improve links and bring about a closer working relationship with communities, it has been argued that some local authorities continue to regard empowered communities as threatening (Donovan et al, 1998). Other observers also point out that some local authorities are reluctant to change working practices, attitudes, and language in order to facilitate community involvement (McArthur et

al, 1996; Murtagh, 1999; NCVO, 1996). This reluctance to change has been observed in South Yorkshire as one council employee involved under P4 admitted:

'I think in the past the fault lay mainly with the local authority's attitude. It is up to the bigger party to let things grow and reach down to the communities if necessary. So I think things are much better with our relationship now; we now have a clear acceptance amongst the bigger partnerships that we need to involve the voluntary and community sectors more, and on an equal footing'. (P 4 Interview F)

The argument here is that communities, in spite of increased technical or financial support, will remain marginal within urban regeneration partnerships and networks without the support of other partners because they lack direct, and therefore real, access to power (Skelcher et al, 1996). Within South Yorkshire there appears to be a divide between Sheffield and other local authorities in dealing with the voluntary and community sectors. As one member of the P4 DP claimed:

'I think that we're quite ahead in Sheffield in terms of having serious partnerships and having people saying that it is partnership business, it should be discussed there. So we have got a fairly sophisticated range of partnerships all with a certain amount of importance in the city and there aren't many people who work in the council or in, or on behalf, of the communities who are not involved in some partnership working, whether its joint working or actually sitting at the table at partnerships meetings'. (P4 Interview F)

The notion of fully involving the voluntary and community sectors within the partnerships and networks that feature in O1 and other regeneration programmes appears not to have been accepted throughout the rest of South Yorkshire. As a member of P4 DP commented:

'In other parts of South Yorkshire there still appears to be the view that, the process and partnerships, are overly dominated by the councils and I know that's not the case in Sheffield'. (P 4 Interview F)

Two members of the voluntary and community sectors echoed this view. The first observed that:

'The sector (voluntary and community) has always worked together well within itself. The big problem has been with the local authorities who under O2 got involved with community development, heavily in Barnsley and to a certain extent in Rotherham and Doncaster. So you then have the local authorities involved in community development and this development has not resulted in a direct strengthening of the sector itself, in that at the end of O2 and beginning of O1, all the strategic development work is still undertaken by the local authorities. So in some respects this has weakened the sector. They seem to have a patronising approach to the communities that they serve and it doesn't seem to be going away'.
(P 4 Interview G)

A second observer agreed with these comments:

'Sheffield and Rotherham seem to have a positive attitude to partnership; it's not the same in Doncaster and Barnsley where the local authorities don't have a history of partnership working and seem to struggle with it'. (P4 Interview I)

A member of the P4 DP recognises that the actions of local authorities may impact on the capacity of the voluntary and communities sectors to access funding:

'I think that the local authority in Sheffield has a better approach to community development than Barnsley, Doncaster, Rotherham, so it will be easier for local communities to access the match funding that they need. The feedback that I get in Barnsley for instance, is that the support isn't there for the community sector in accessing funding, in that they're seen as a nuisance. There seems to be a need from the local authority that they have to get a hand on everything. There are also some of the more developed partnerships in Sheffield, so it is natural that, because they have got the resources and experience, they will be more able to access the funding. I think that the coalfield areas have got a lot to do for the voluntary and community sectors. There is a lot of money going into the coalfields, but I don't think they have put enough resources into the community sector to develop it'. (P4 Interview C)

An example of attitudes towards the voluntary and community sectors by authorities other than Sheffield is noted below. Such an attitude raises the possibility that what was already a perceived gap between the abilities of the voluntary and community sectors in Sheffield and those in other South Yorkshire areas to involve themselves in partnership working, will increase further. In terms of the O1 programme this may lead to Sheffield communities being more able to access and deliver projects than their South Yorkshire counterparts:

'When Doncaster sent their representative to P4 from the regeneration board it was someone from the council and I think that's wrong. The spirit of P4 is that the voluntary and community sector are in the lead, so we should let them be'. (P4 Interview F)

Problems deriving from the role that local authorities, particularly those in coalfield areas, have played in previous regeneration programmes like O1 appear to be persisting:

'Sheffield recognises the need to work with the voluntary and community sectors, but it's a different story with the coalfield areas. They have a very patronising culture to local organisations; they don't like people to stand up to them and for people to do things differently, and it doesn't seem to be getting any better'. (P4 Interview D Repeated)

The role of the local authorities in the wider context of the programme in developing partnerships with stakeholders from outside of P4, is addressed by a member of P2 who stated that:

'The problems often comes from the local authorities; it is horrendous the infighting and almost the obstruction that goes on at meetings that I've sat in, just because they want a bigger part and want their fingers in as many pies as possible'. (P2 Interview F Repeated)

There appears further work that could be done by stakeholders from within the P2 and P4 sectors in developing partnerships. This point was emphasised by a community sector worker who, while recognising the problems with local authorities, also suggested that more work could be done by the sector itself:

'In some of the coalfield areas, there has been something of a paternalistic approach to partnership from statutory body's particularly local authorities. And that's got to change; this isn't all about improving the voluntary and community sector, it is also about some of the local agencies changing the way that they work, from leading everything to facilitating and supporting things, providing expertise rather than trying to run everything. There are a lot of communities that do need to work on developing partnership within the sector; people do need to work together more' (P4 interview F Repeated).

6.5.3 The Role of Individuals

The importance of individuals is a major and often ignored factor in the development of both partnerships and networks. Personalities can play a critical role in building and developing partnerships and networks (Bache, 2001; Purdue, 2001). There is also the question of the skills of the individuals involved in the running of any partnership or network. The importance of informal contacts and individuals being able to work together will inevitably have an important bearing on relationships within the SYO1 Programme. There may too be a tension between the role of the individual and that of the institution in the building of partnerships and networks. Lowndes and Skelcher (1998) argue that individual values are central to the success and failure of partnerships and networks. Tensions and personal dislikes may prove to be a hindrance and may possibly be so contentious that they can lead ultimately to the 'failure' of a partnership or network. The importance of good personal relationships should not be underestimated. A voluntary sector worker from the P4 DP, with experience of previous partnerships, noted that:

'Quite a lot of people are members of several partnerships, so they can take things from one group to another and build up relationships and develop trust.' (P4 Interview D).

This view was echoed by a member of the P4 DP, who observed that:

'I have worked in Rotherham, so I know different people there. A number of my staff have worked in Barnsley and so on, so there's a bit of a network of people who know each other or who have worked in different guises on this sort of thing before; so that can help the process.' (P4 Interview F)

These comments suggest that relationships amongst individuals can have a bearing on the development of trust necessary for effective partnership working (Lowndes and Skelcher, 1998). A community worker involved in a project under P4 felt that individuals had a part to play in the building of trust within a partnership of excluded communities:

'A lot of this is based on trust, so it can come down to individuals and personalities. It can be about breaking down years of being let down; local people seem to expect to be let down by statutory bodies, and it's a long process trying to break down that barrier'. (P4 Interview L)

Bache (2000, 356) argues that, within the constraints set by pre-existing institutional relations, the 'human dimension' plays a major role in the development of regeneration initiatives. Exploring the role of the URBAN programme in Sheffield, he contends that GOYH officials had no obvious local political agenda, but showed an enthusiasm for the Commission's 'bottom up' approach. The thoughts of a P4 DP member reflected this argument:

'It is important to have people on your side. There are some good people at Government Office who understand the voluntary and community sector, perhaps better than has been the case in previous programmes. This obviously helps when you're trying to explain the direction you're trying to go.' (P4 Interview E)

The role of local authorities in the SYO1 Programme is examined earlier in the chapter. A member of the P4 DP suggested that positions adopted by local authorities in relation to economic development had much to do with the attitude of individuals:

'All four local authorities have the same remit set out by central government on what they're supposed to be doing. However the results are very different. Despite the message and policies coming from central government about community involvement, not much seems to be changing. I think that must be down to individuals within the councils and maybe a culture that's built up over the years about how things are done'. (P4 Interview D Repeated)

However, the relative significance of individuals and organisations in regeneration programmes such as O1, was put into perspective by a member of the Programme Executive:

'An individual who understands the situation, and has a good relationship with other partners, is obviously a big plus in developing any partnership. I don't think any partnership can develop if individuals don't understand where each other are coming from. However at the end of the day, the institutions and organisations they represent will often determine how people act in partnerships'. (P2 Interview M)

In practice it seems likely that, the actions of any individual will largely be determined by the policy of the organisation or institution they represent. However much individuals enjoy good inter-personal relations, if they don't share the same long-term goals it seems unlikely that genuine partnership working can be achieved. The ability of individuals to work together will largely be determined by the values and aims set out by their home institution or organisation.

The skills of an individual will also have a bearing on the potential success of any organisation (DFEE, 1997; Geddes, 1998; Purdue, 2001). One example of the importance of the individual on the development of a network can be seen in the experience of a network under the O2 programme in South Yorkshire. This network featured one Gateway through which all potential recipients would enter. This leads

to the problem of whether the individual staffing the Gateway had enough information on who to pass the potential recipient on to. A university employee in Sheffield who had been involved in the network observed that:

'By the time someone is passed on it is often too late, that is a problem. There have been a lot of networks where there would be one gateway. However, it is often the case that you can't really staff the Gateway with people who would know where to send the information, as incentives tend to be short-lived, people leave, and those who know what is going on then disappear; one day it might work but in my experience it hasn't been successful as it could have been'. (P2 Interview A)

This problem may be of particular concern for the innovation sector, which features heavily under P2. This sector requires specialised knowledge, and hence allocating potential customers to a particular service may be beyond even more experienced individuals (Vickers and North, 2001). The specialist nature of many of the businesses, which feature more heavily under P2 compared with P4, may also inhibit the ability to build networks within P2. As one university employee observed:

'It is difficult to build networks because of lack of vision. People don't see beyond their own area, and tend to work their own little boxes without being aware about what's happening elsewhere'. (P2 Interview B)

One possible alternative to developing a network via the Gateway approach was put forward by a Sheffield University employee with experience of previous networks. It was suggested that its success would be more likely if a central database were created through which the network could be more easily co-ordinated. This would hold details of existing partnerships, networks or organisations supplying a particular service, seeking others with which to develop a partnership, or developing a partnership with the idea of creating projects or services in the future. However, attempts to establish such an approach have so far met with resistance from UK government departments. As the University employee explained:

'Another major flaw is that there is no central database held by any of the organising bodies. In the past when I have quizzed the DTI about this they have told me it's not innovative, so they cannot fund it. This means everyone is out there trying to get the same information and everyone is wasting time and effort'. (P2 Interview A)

However, one community worker argued that whilst some good may be derived from a central database, there were other priorities. She considered that the main problem was that people failed to tap into existing networks either because they didn't know they were there or they failed to see the benefit of such networks. She argued that:

'A database might be useful. It is more a question of who pays for it. I actually think that the resources are already there for networks to develop; it is down to the organisations; either they fail to network or the resources are not used properly'. (P4 Interview D)

6.6 Conclusion

The notion of developing partnerships and networks is now a central element in the regeneration agenda. This chapter has explored how the institutional capacity of the SYO1 Programme is being enhanced through partnerships and networks. One of the problems in creating such mechanisms for building capacity is the loosely defined nature of 'partnerships' and 'networks'. This can lead to stakeholders holding contrasting views as to what is required of any such partnership and what their eventual aims may be. Through this chapter we have noted contrasts between partnerships from different sectors in either P2 or P4. In P2 there appears to be greater tensions amongst stakeholders and a greater reluctance by the business community to involve itself in partnerships than is the case in P4. Indeed for the most part there appears to be a genuine desire in P4 to create and sustain partnerships and networks. The problem for P4 revolves around vertical partnerships dealing with other stakeholders from outside the sector. This appears particularly the case in the coalfield areas of Barnsley, Doncaster and Rotherham, and their relationships with their respective Local Authorities. The disparity in the

resources held by different stakeholders suggests that any genuine 'sharing of power' within a partnership is often lacking. These difficulties can undermine reciprocal trust thus diminishing opportunities for policy agreements and leading to a lack of 'synergy' across stakeholders. The chapter has also explored the role of individuals within partnerships and networks. Individuals can have a bearing on how partnerships are developed, although the institutions individuals represent will inevitably influence their position. The final part of this chapter explored problems arising from a proliferation of partnerships and stakeholders and the benefits, which may emerge from placing a greater emphasis on improving existing partnerships and networks.

7. Conclusion

7.1 Introduction

This thesis has explored the concept of institutional capacity in the context of the SYO1 Programme. There are three main objectives to this research. The first involved the development of a methodology through which to define and explore the notion of institutional capacity at the sub regional level. The second objective was concerned with the undertaking of longitudinal research through which to assess the evolving nature of institutional capacity. The third objective involved the development of a theoretical framework to explain institutional capacity in the context of the SYO1 Programme. The starting point in developing an approach to study institutional capacity is for a definition to be outlined. Chapter 3 presents a review of the literature concerning institutional capacity. In exploring some of the issues raised in this literature it can be pointed out how criticism of such findings is often focused on the loose and imprecise character of the key concepts set out (Lovering, 1999; Raco, 1999). Notable in this regard is the extent, nature and scale of 'local institutional capacity', which is often, ill defined. To this end, there is the need for more precise definition of what institutional capacity may mean in the context of a regeneration programme such as O1. This thesis worked on the assumption that institutional capacity can be defined as:

'Institutional capacity is the willingness and ability of key actors and agencies to establish and to sustain collaboration across institutions in helping to achieve the goals of social and economic regeneration'

It has been claimed that empirical work conducted on institutional capacity has tended to focus on a geographically and sectorally narrow selection of regions, which have achieved relatively high growth rates and economic development (Lovering, 1999; Raco, 1999). In contrast little work has focused on those regions trapped in slow declining growth trajectories. The focus of this thesis on the sub-region of South Yorkshire allows us to view the impact on institutional capacity within the complexity of a sub-region, which is considered to be one of the worst performing within the EU.

Chapter 3 provides a model through which the above definition of institutional capacity could be explored in the context of the SYO1 Programme. It identifies four dimensions: stakeholders, strategy for developing the capacity, partnerships and networks, and change through time. This model provides the basis for a theoretical framework to be developed. This chapter will begin this process by summarizing the main empirical findings from chapters 4, 5 and 6. It then turns to assessing the relevance of the MLG, state-centric model, policy networks, and bureaucratic politics. The main argument of this thesis is that none of these approaches offers a full enough explanation of the development of institutional capacity. Therefore this chapter will set new a theoretical approach through which we argue the development of institutional capacity in this context can be best explained. The next part of the chapter will discuss a number of policy implications, which have emerged from the research findings. The final part of this chapter will outline possible areas for future research.

7.2 Research Findings

Chapter 4 focuses on a range of issues concerning the stakeholders of the SYO1 Programme. It outlined who the stakeholders are in P2 and P4 and noted how the growing numbers of stakeholders now involved in SF programmes caused problems in relation to implementation. A number of concerns with regard to the representativeness of stakeholders at the management level have also been expressed. These include the belief that there is a lack of established partnerships at the sub-regional level. Similar issues have been raised in other studies, including the 1994-1999 Yorkshire and Humber O2 Programme (Gibbs et al, 2001). It has been noted that rather than a coherent territorial ensemble of production structures (Storper, 1997), the sub-region in practice can be described as a disparate mix of industries, cultures, towns, cities and rural areas (Gibbs et al, 2001). It is argued by some interviewees that the Programme Executive failed to grasp the spatial differences existing within the sub-region. Fears were also expressed over whether members on P2, and P4, DPs were truly representative of their sectors. The argument being that the complexity of a programme like O1 required experienced players to be involved from the outset. Chapter 4 also explores the idea that a

compromise on the direction of the programme has occurred. This is partly due to what has been seen as mixed signals sent out by central government over what it considered to be the best approach to economic regeneration. The chapter also outlines how differences occur both within, and amongst, stakeholder groups. One of the problems faced by the SYO1 Programme is that at the outset of the process there existed among some stakeholders a lack of understanding about what O1 was, and what it could deliver. There were massive expectations around what the programme could offer the sub-region. This led to a number of problems with regard to what potential stakeholders perceived the programme would be able to bring to them. This in turn left many stakeholders disillusioned at the rate of progress and the scope of the programme.

Chapter 5 explores institutional capacity as developed through the design, management and administration stages of the SYO1 Programme. A major step in the development of the SYO1 Programme is the consultation process, which has informed the writing of the SPD and the programme complement. It has been argued that past O1 programmes have suffered from conflicts over governance, which have resulted in SPDs tending to be more akin to financial draw down documents, rather than genuine regional plans (Lloyd and Meegan, 1996; Boland, 1999a). In the context of the South Yorkshire programme there appears to have been far more consultation with potential stakeholders, particularly in the case of the voluntary and community sectors, than has been recognised in previous SF programmes (Boland, 1999a; Lloyd and Meegan, 1996; Evans, 2002). The chapter also notes the broad nature of the SPD and management structure of the SYO1 Programme. In his study of the implementation of the EU's O2 programme, McAleavey (1995) argues, that domestic actors in attempting to re-shape the programme at the project selection stage, can use the incompleteness of the contract, and the flexibility this creates opportunistically. This has led to suggestions that experienced and more powerful stakeholders can mould the programme towards their own aims. There is some evidence that this has happened in the development of the SYO1 Programme. Indeed rather than the battles over governance which have affected the writing up of SDPs for previous programmes (Lloyd and Meegan, 1996; Boland, 1999a) a more subtle approach has been adopted by UK government departments in attempting to assert their own agenda at the implementation stage.

The creation of DPs can be seen as an attempt to create an institutional base through which stakeholder groups in P2 and P4 could achieve and maintain a degree of 'ownership'. Indeed one of the main sources of contention in previous SF programmes has been the failure of local partners to achieve any sort of ownership of the programme (Boland 1999a; Evans, 2002). This demand for a degree of ownership is reflected in comments from both case studies:

'O2 was very much supply side led. In the past it would be the case that when we designed a programme the attitude to industry was take it or leave it. What the O1 philosophy has been is to try to be industry demand side led, although I'm sure that industry will still say it is still supply side led'. (P2 Interview L)

This argument was echoed in the comments of a member of the P4 DP:

'I felt that the DP gave a sense of ownership and purpose to the sector (Voluntary and Community). Perhaps more importantly it supplied us with an institutional base from which we could deal with other sectors, particularly I have to say, the local authorities. We haven't had this sort of base from which to build in the past and it is important this is maintained in the future.' (P4 Interview M)

The changes in the management structure, which resulted in the replacing of the DPs, may suggest that these structures failed to deliver. However, there are notable differences between the two case studies. In the case of P2, an apparent failure to grasp an understanding of the O1 processes appears to impact heavily on the partnership. In addition there appears to be an attitude of 'business knows best'. This has led some stakeholders within P2 to ignore other strands of the programme. In contrast, members of the DP for P4 appear to be able to work together more closely and to have a greater desire to develop an understanding with other stakeholders within O1. Changes in structure which have removed these DPs have cast a cloud over the future direction of the programme and concerns have been raised that control over the direction of the programme have been taken away from local partners.

Concerns over the administration of the programme have been also raised and doubts expressed about the ability of central government to develop a 'joined up' approach towards the SYO1 Programme. The issue of match funding remains a problem particularly in the case of the voluntary and community sectors. Indeed a paper written at the outset of the programme, before the SPD had been approved, addressed a number of problems that needed to be solved if the issue what not to have a detrimental impact on the South Yorkshire programme (MTL, 1999). Despite the issue of match funding being recognised as a problem, there appears to be little appetite from the UK government to find a resolution. This refusal to act appears to be indicative of a failure to develop the 'joined up' approach on which the UK government has argued is a central plank of its regeneration policy. At the time of writing there is still on resolution of this issue. Moreover, the failure to resolve this issue before implementation began caused disenchantment from stakeholders and led to delays in projects getting off the ground. This will almost certainly lead, to the loss of potential capacity for the sub-region and is likely to be problem throughout the lifetime of the programme. Concerns have also been raised over the relevance of the measures and outcomes set out in the SPD and difficulties over the complexity of the application process.

Chapter 6 explores partnerships and networks that feature in the SYO1 Programme. The chapter identifies notable differences between P2 and P4 with regard to their commitment to partnership working. In P2 there appears to be a greater degree of conflict amongst stakeholders than in P4. This has led to difficulties within P2, of building partnerships and networks which may be sustainable beyond the lifetime of the programme. In contrast in P4 there appears to be a genuine desire to build partnerships. However, problems remain for the voluntary and community sectors in participating in partnerships with stakeholders from outside the sector. This has been particularly true of partnerships involving local authorities. A notable difference has emerged between Sheffield council and the other local authorities in South Yorkshire with regard to their attitude and relationships with the voluntary and community sectors. It is clear that disparities in resources available to stakeholders wishing to involve themselves in partnerships and networks remain. In chapter 6 a number of interviewees stated the view that requirements set out through the SF's, while having a number of disadvantages, have also helped to increase

institutional coherence and capacity through the development of partnerships and networks. The most notable of these is the SYF, which has brought together a range of stakeholders. The SYF set up initially with the SYO1 programme in mind, is now to deal with a range of issues, including some outside the remit of the O1 programme. It would also appear that the forum is likely to continue beyond the lifetime of the programme. In addition the development of networks like the SYOF which consists of voluntary and community sector organisations will have helped the sector build and sustain capacity from which benefits can be obtained in the context of the O1 programme and at a wider level. Chapter 6 also explores the role of individuals and argues that greater emphasis should be placed on their influence and role in partnership working.

7.3 Implications for Theory

The central argument of this thesis has been that none of the four approaches explored can their own explaining the development of institutional capacity in the context of the SYO1 Programme. At the centre of this discussion is what MLG, state-centric model, policy networks and bureaucratic politics can tell us about the question of who influences whom and what affect this has on relations within the SYO1 Programme. From the findings of this research it is evident that none of the four theories offers an adequate framework through which to explain the development of institutional capacity. Chapter 3 identified three dimensions, which could be used to assess the validity of the four approaches. The first of these involved exploring what they could tell us about the participants or stakeholders of the programme. In the context of this study the problem for both the MLG and state-centric approaches is their failure to recognise the importance of horizontal relationships, which were discussed in Chapter 4. In contrast both policy networks and bureaucratic politics identify the impact and importance of cross sector relations. These ‘turf battles’ outlined in the bureaucratic politics approach can be said to add a degree of complexity to the process. It is argued in Chapter 4 that local stakeholders in the SYO1 Programme were able to take advantage of these turf battles and play off UK government departments and EU Directorate Generals against each other in attempting to achieve their aims. However these are restricted to governmental or EU level and all approaches tend to ignore the role of other

stakeholders. Furthermore the idea of a spatial dimension has also been introduced in this thesis. This can be said to add a further layer of complexity to the analysis of relationships and is absent in all four approaches.

In examining the explanatory value with regard to implementation, there is a failure to fully outline the impact bureaucracy has on the process in any of the theories under review. In the context of this study two contrasting examples emerge. First, interviewees from the voluntary and community sectors have pointed to the example of the South Yorkshire Key Fund and the DP for P4 and described how despite their best intentions both have become increasingly bureaucratic. This suggests that attention should be given to the idea presented by Evans (2002) who argues that recognition to what is described, as the 'inherent nature' of SF programmes is required when exploring relations within O1 programmes. Second, with regard to changes in management structure that have taken place with the removal of DPs, interviewees from both case studies have argued that this was an attempt by 'bureaucrats' in regaining control over the process. There is a need to develop an approach, which recognises the impact bureaucracy, has on stakeholders, implementation process and relationships within a programme like SYO1 if a true picture of what is happening is to be obtained.

It can be argued that in terms of the final dimension identified in chapter 3 that of power, the failure to offer a full enough explanation of who is involved and how they are affected by the implementation process means that again the four approaches fail to supply us with a full enough picture of what is happening. Table 4.2 outlined the perceived level of power/influence suggested from the literature. In terms of explaining power within the SYO1 Programme the broad level adopted in examining stakeholder groups means that there is a the failure by all four approaches to identify the levels of complexity that exist amongst the stakeholders including how places within the sub-region interact with each. Indeed from the evidence in this thesis we can argue that no single theory can explain the complex relationships, which exist within the SYO1 Programme. Rather an approach is required which is able to synthesise across a range of different theories to apply the appropriate tools at the appropriate levels of analysis, which will provide the fullest

picture of how institutional capacity is developed. The next section will seek to set out such an approach.

7.4 Formulating A New Approach: Bureaucratic Multi-Level Governance

The purpose of this section is to formulate a theoretical approach, which can best explain the development of institutional capacity in the SYO1 Programme.

Previously we have argued that no single theory can fully explain the complex relationships that exist within the SYO1 Programme. The final contention of this thesis is that what can be termed as a Bureaucratic Multi-Level Governance (BMLG) offers a fuller approach to explaining the complexities behind the building of institutional capacity within the SYO1 Programme

In undertaking this research this thesis has noted how the development of institutional capacity takes pace, and is dependant on a series of relationships, which are conducted at a range of levels. This section will outline how these levels can be either one, or a combination of relationships that are horizontal, vertical and spatial in nature. In this study four main theories have been explored in attempting to develop an adequate theoretical framework to explain the development of institutional capacity in the context of the SYO1 Programme: MLG, state-centric model, policy networks approach and bureaucratic politics. The argument of this thesis is that none of the four approaches explored can on their own explain developments at all levels of interaction that have been identified in this study. Rather there is a need to synthesise across these four approaches to develop such a framework. This section will outline the theoretical concept of BMLG, which we argue offers the fullest explanation of how institutional capacity develops. This approach identifies that interaction takes place at a range of levels and that the complexity that this brings to the process needs to be recognised. The type of interaction whether individual or at organisational level is also identified. This method of interaction, which in a regeneration programme is through some form of partnership, is explored. The BMLG approach also recognises that the development of institutional capacity does not take place in a vacuum and that conditioning influences from outside will impact on interaction and thus need to be identified and assessed. The combination of these four dimensions through BMLG, allows for a far

greater assessment of the levels and methods of interaction which are central to the development of institutional capacity to take place, than would be possible in any of the four theories explored in this thesis on their own can offer. Table 7.1 outlines the basic framework behind BMLG. Four characteristics are identified. In exploring the participants or stakeholders involved in a programme such as O1 this thesis has noted how existing approaches fail to identify the levels at which interaction can take place. The first requirement of BMLG is therefore to provide a full enough picture of who's involved and at which level this interaction may take place. The second dimension examines the type of interaction that takes place in terms of organisational and individual influences, which have been discussed in chapter 6. The third dimension is concerned with the method of interaction and focuses on three aspects, which will shape the development of relationships and partnerships. The final dimension notes how institutional capacity can be impacted on by factors from outside the immediate scope of a programme like O1 and assessment of these possible conditioning influences is therefore required. This section will now turn to explore these characteristics in greater detail.

Table 7.1 Characteristics of BMLG

Dimension	Level/Description
Level of Interaction	Horizontal Vertical Spatial
Type of Interaction	Organisation Individual
Method of interaction	Distribution of Power Representative Legitimacy Goal alignment
Conditioning Influences	Influences outside remit of programme Economic Factors Changes in national or local government etc.

7.4.1 Level of Interaction

The first dimension of BMLG concerns the level at which interaction between stakeholders will take place. Interaction in regeneration programmes such as O1 takes place at a range of levels. These can be horizontal, vertical and spatial in nature. Table 7.2 offers an explanation of the levels of interaction which have emerged in the SYO1 Programme. This thesis has argued that the idea that when looked at closely “an agency that appears to be a single organisation with a single will turns out to be several sub-organisations with different wills” (Pressman and Wildavsky, 1973, 92) will be central to any study of institutional capacity. In turn this idea raises a number of important questions that will need to be addressed. How do the various levels of any particular stakeholder group, and divisions within a group, interact with one another? How does this relationship change over time? What impact do the relationships within stakeholder groups have on power relations within the wider programme?

Cram (1997) describes how different Directorate Generals within the Commission have developed different working practices and have, on occasion, established quite opposite relationships with other stakeholders as we have identified in Chapter 4. This is a state of affairs, which can be applied across the range of actors involved in the SYO1 Programme. Moreover, the relative influence which stakeholders exert on the policy process may differ in nature and in effect, from sector to sector according, not least, to the range of other interests involved, to the structural instruments available to it, and to the extent to which it is supported or hindered by cross sectional partners. There is also need to address the spatial aspect of relations amongst stakeholders. Table 7.2 on the following page sets out an example of how this dimension can be measured in the context of the SYO1 Programme. The table indicates how relationships can exist on three levels, horizontal, vertical and spatial. The first of these levels involves interactions that exist between different stakeholders groups, in the context of this study relations between business and voluntary and community sector groups are one example. The second level is concerned with interactions within stakeholder groups such as government departments or those identified within the two case studies of P2 and P4. The third

level involves spatial interactions, which may occur such as those identified amongst the four local authorities in South Yorkshire and worries from stakeholders groups that Sheffield may dominate the programme. The argument of this thesis is that interactions in the building of relationships may occur at any one or a combination of these levels and a such where and how interaction is taking place needs to be identified for a full understanding of the developments in institutional capacity to be understood.

Table 7.2 BMLG Measuring Stakeholders in the SYO1 Programme

Level	Stakeholders
Horizontal: interactions amongst different stakeholder groups. For example between voluntary and community sector and local authorities.	UK Government, European Commission, Voluntary and Community, Business, Education, Local Authorities
Vertical: interactions within stakeholder groups. For example amongst governments departments with responsibility for SF in UK. DTI, DWP, ODPM etc.	DTI, DWP, DG, GOYH, Voluntary organisations, community organisations, universities, colleges, steel, metal and engineering businesses, Barnsley Council, Doncaster Council, Rotherham Council, Sheffield Council
Spatial: interactions amongst stakeholders from different places. For example South Yorkshire and UK. Sheffield and Barnsley. Rural and town etc	Barnsley, Doncaster, Rotherham, Sheffield, Urban, Rural, South Yorkshire

7.4.2 Type of Interaction

The second dimension examines the type of interaction that takes place. This interaction can be of an individual or organisational nature. Organisational theories, such as bureaucratic politics, explore how organisations interact with their wider socio-political environments, the processes through which they establish and modify strategic and operational decisions and the factors influencing the implementation of policy. Traditionally, organisational structures have focused on bureaucratic institutions which possessed: formal rules and procedures of institutional action; specialised divisions of Labour; hierarchies of authority of management; and a body of appropriately qualified, full-time permanent officers. Bureaucracies are structured to be rationalistic in their decision making processes and policy programmes are developed and implemented in a neutral and impartial manner. As Raco (2002) notes, these views from nowhere are portrayed as being detached from subjects, objective and dispassionate.

Raco (2002, 439), argues that organisations are often treated in a priori terms so that in urban policy, institutional studies focuses on the power, resources, and political contexts within which these organisations have been established. He further argues that they tend to downplay the necessary rather than contingent impacts of contests of action and processes of policy delivery and implementation (Raco, 2002).

Organisations can be said to be politically constructed and their objectives and structures will be a consequence of some form of contestation and subject to challenge and modification. This establishes the possibility for organisational action to be modified, adopted, influenced by individuals operating in a particular context, thereby creating differences in institutional policy making and implementation across space and time (Giddens, 1995). As such, Raco (2002) argues that the constraints and opportunities faced by actors working in organisations are, in effect, conditioned by the actions of other actors. Therefore research needs to establish the ways in which actors constrain one another and the relationships of power both amongst them and constituted by them within organisations. Indeed one of the major criticisms of the bureaucratic approach is that it largely ignores the role of individuals and how their experience and beliefs can impact on their actions (Houghton, 1993)

These arguments are reflected in the broad description applied to measures and outcomes and the management arrangements set out in the South Yorkshire SPD. Rules and procedures through which individuals operate programmes such as O1 can themselves said to be open to misunderstanding, complexity and contradiction. Programmes in a number of policy areas are open to interpretation and can often rely on the decisions made by local stakeholders on the ground that may have to operate and deliver via a variety of complex and differentially targeted programmes. Stakeholders involved in a programme such as O1 possess the capacity to obstruct, challenge and influence the agenda in which they operate. In the context of this study a number of interviewees have noted the differences that exist between the local authorities in South Yorkshire in their attitude to other stakeholders. This appears particularly apparent with regard to relationships between local authorities and the voluntary and community sectors. The importance of this relationship has been discussed in Chapter 6.

7.4.3 Method of Interaction

The next dimension involves the method through which interaction takes place. The move to multi-sector partnerships as the vehicle for delivering urban regeneration programmes is reflected in the frequency with which capacity building and empowerment appear in bids for regeneration funding (Smith and Beazley, 2000). However, the degree to which partnerships are reflective of the needs of all stakeholders has been brought into question both in this study and in the wider literature. The next section sets out a framework through which partnership can be better assessed. There are four particular aspects to this framework: distribution of power, access to resources representative legitimacy, and goal alignment

The first aspect concerns the distribution of power. Hutchinson and Foley (1994, 6) talk of the relative distribution of power in a partnership, “different stakeholders may have different priorities, and the identification of not only who the stakeholders are, but their relative power and their relative power and importance within the partnership can be crucial”. Smith and Beazley (2000) contend that it is perhaps inevitable that power in partnerships will be asymmetrical where voluntary and

community sector partners are involved. Attempts by central government to create a level playing field in terms of distribution of power within partnerships in a wider regeneration setting, can be seen in the introduction of initiatives such as the CEF and LSPs. However, chapter 6 has found that impact of these initiatives is open to debate. Therefore it is important to assess the nature of all stakeholders and whether as Smith and Beazley (2000, 864) state “that community involvement strategies will result in the legitimisation of agency decisions rather than genuine involvement”.

The second aspect concerns access to resources. Chapter 6 discussed the role that resources play in enabling stakeholders to engage in partnerships. It is important to assess the direct resources available to stakeholders in programmes like O1. A number of authors have noted that involvement in partnership arrangements has cost implications (Lawless, 2001, Skelcher et al, 1996, Smith and Beazley, 2000). Groups may lack the capacity in administrative terms to engage effectively in partnership working without a detrimental effect on their core work. The judgement to be made as whether to enter into a regeneration partnership can be a difficult and delicate one. As Lowndes et al (1997, 340) state “Engaging in networks and partnerships can be costly to undertake and also costly if ignored”.

The third aspect concerns what Smith and Beazley (2000) term the ‘representative legitimacy’ of a partnership. This is concerned with how a partnership is set up and who is involved and for what reason. This is seen as being crucial to representation and legitimacy (Hasting, 1996; Smith and Beazley, 2000). In the words of Hutchinson and Foley (1994, 4), “key players have to be legitimate and be seen to be so”. Choosing partners with legitimate interests can be seen as essential for local communities if the partnership is to retain their trust and confidence. Chapter 4 addresses concerns with regard to the representation of stakeholder groups. One issue discussed there is how the complexity of programmes such as O1 requires the involvement of experienced partners and may therefore prevent ‘true representation’ being achieved. As such community representatives may experience tensions with partners from either side. The barriers to participation also need to be assessed. The difficulties associated with involving stakeholders such as the voluntary and community and business sectors have been raised in both this and also previous studies (Hall et al, 1996; Hutchinson and Foley, 1994; Smith and Beazley, 2000).

Barriers which may limit involvement include the use of inappropriate language, the physical access afforded by particular locations and the timings of meetings. Smith and Beazley (2000) argue that these considerations often work to accommodate the statutory sector. In the context of this study it has been noted how problems have emerged with regard to the understanding of what O1 could be used for and the language and terminology attached to the Programme. This is particularly the case in the P2 and again raises the issue of how experience impacts on the ability of stakeholders to participate.

The fourth aspect concerns what can be described as ‘goal alignment’. It might be assumed that institutional capacity may be developed more effectively where all stakeholders are either working towards a common set of objectives, or with a shared vision of what the programme is for, or what it set out to do. If stakeholders are seen to be pursuing individual agendas and consequently the partnerships is pulling in different directions then this must cast doubt on whether collaboration can be sustained. Chapter 4 addressed issues revolving around differences in goals both amongst and within stakeholder groups. Smith and Beazley (2000) contend that incongruent goals will have the consequence of highlighting disparities in power leading to the marginalisation of those groups with low systemic and command power and therefore those in a weak bargaining position.

7.4.4 Conditioning Influences

The fourth and final dimension concerns the potential impact of a range of conditioning influences. These may include the impact of wider government strategies, changes of government at national or sub-national level, and regional, national and world economic factors. Lovering (1999) argues that wider state strategies will have a greater impact than is often given credit to in the institutional capacity literature. Thus reductions in welfare expenditure or increases in defence spending, for example, have had a major impact on the relative levels of economic activity in different regions. A number of interviewees argue that has been little attempt made to incorporate wider state strategies, such as welfare payments, to aid programmes such as O1. Chapter 4 explores the degree to which issues the election of Labour Government in 1997 may have changed relationships amongst

stakeholders and direction of UK central government policy. Bache and George (2000,13) contend that in party political terms, Labour's election victory coupled with Labour dominance of local government in the poorer regions of the UK, means for the first time the absence of ideological and party conflict underpinning the institutional relationships amongst national and local SF stakeholders has emerged. This has led to a change of atmosphere in relations between central government and local authorities in which "it was clear that the election of a Labour government gave confidence to local authorities, which were predominantly Labour led" (Bache and George, 2000, 13). The evidence of the impact of the election of a Labour Government is somewhat mixed. Tensions are still evident between local authorities and central government. However, it is apparent from the evidence outlined in Chapter 4 and 5 that the ideological conflicts which have impacted on previous SF programmes in the UK have not been repeated to the same degree in the SYO1 Programme.

7.5 Implications for Policy

In addressing findings from the empirical chapters of this thesis a number of policy implications have emerged. These involve: issues that revolve around bringing a more inclusive approach to regeneration programmes; ensuring stakeholder understanding of regeneration programmes; need for dedicated resources to ensure adequate level of consultation; and issues concerning management and administration. These are addressed below.

The first issue concerns the attempts to bring about a more inclusive approach to regeneration programmes that are central to both EU and UK government initiatives. However, as has been found in other SF programmes one of the side effects of attempting to develop a more inclusive approach to regeneration is that it potentially increases the complexity of the programme and as a result may in effect lessen the ability of the stakeholders to achieve their goals (Hibbett et al, 2001). Such thinking is outlined in the thoughts of a voluntary and community sectors worker who expressed his opinion of what appeared to be the bureaucratic nature of the programme:

'It is an extremely complex process, if you are going to set a process that is inclusive, involves local people, gives all the stakeholders a say. It seems to me your going to set up something of a nature that is going to be extremely complex. It is also extremely bureaucratic; again I think that this is part of the culture around the distribution of public money in that it is absorbed, and gives employment, to an awful lot of people and I can't help but feel that this is deliberate on the part of government and distributing bodies. They want to create this sponge around the process. It's in the nature of the beast, in order to achieve things like accountability, fairness, and inclusivity that you have to create bureaucratic structures. I've been amazed in developing various structures like the South Yorkshire Key Fund how bureaucratic we've had to make it in order to satisfy our own aspirations of fairness, inclusivity, accountability: it's in the nature of the beast'. (P 4 Interview L)

These comments lead us to ask whether a better approach can be found in implementing regeneration programmes such as the SF's or are they by their very nature bureaucratic. The fact that a body such as the South Yorkshire Key Fund which was set up with the aim of making the accessing of funding easier for the voluntary and community sectors, still suffered from high level of bureaucracy suggests that it may indeed always be the case that a high level of bureaucracy results from and in turn supports such funding structures. It has been argued that the multiplicity of bodies involved in SF programmes may result in unwieldy structures and decision-making, associated bureaucracy, and delays and confusion over division of roles (Bachtler and Turok, 1997). However alternative structures may bring as many, if not more problems. There needs to be a better balance between rigours imposed by central government and the EU and the requirements of accountability for public money that remains an important priority for the government and the needs of local stakeholders. This means that large-scale partnerships which rely on government grants are likely to remain bureaucratised, threatening the proposed involvement of local stakeholders.

Davies (2002) argues that instead of a growing autonomy for local stakeholders and institutions in the field of urban regeneration in the UK, there has instead been a growing political centralisation. There is a need for greater clarity and consistency in the management and administrative structures of both EU and UK programmes.

The inconsistency of current funding regimes is reflected in the comments of a voluntary and community sector worker:

‘In terms of achieving their stated policy objectives, people are slowly beginning to realise that the centralisation of power is not a good idea; and so you get this focus on neighbourhood renewal, but whether they are really encouraged to trust local people to spend the money wisely or not we have yet to see. There are a lot of vested interests whose jobs depend on a different kind of model that would result from giving greater power to local people and this is difficult to get around’ (P4 Interview, M)

At the time of writing, attempts to make SF programme easier to understand have been introduced by the UK government. This is in the form of proposals for a website launched in March 2003 designed to make European funds simpler to apply for and easier to understand. Jeff Rooker, Minister for Housing, Planning and Regeneration commented that “too often people have been put off by the complicated and lengthy application process and this has been a barrier to people applying for funds. This website will provide on-line guidance for applicants- making the whole process less daunting. European funding is there to be claimed and if we don’t use it we will lose it. I hope this innovative scheme will encourage more people to apply and lead to increased numbers of successful applicants” (ODPM, Website, News Page, 24 March, 2003). This new site aims to allow applicants to view the progress of their bid and to save time by ensuring questions on state aid and funding can be answered at an early stage in the process. It remains to be seen whether this project will be successful in achieving its aims. However, the introduction suggests at the very least that central government is aware of the issues that have been raised of above and is willing to introduce policies to tackle them.

The second issue involves the need to ensure that stakeholders understand from the outset the processes and procedures involved in a programme such as O1. The failure to fully explain the workings of the SYO1 Programme to potential stakeholders can be laid at the door of the Programme Executive to a large degree. This was especially evident at the outset of the programme. Misunderstanding as to

what the programme involved was more evident in P2. In contrast members of P4 seemed more in tune with the process, at least at the DP level. Some of the failure to properly explain the O1 process was perhaps understandable, if possibly misgiven, as issues like match funding were kept away from businesses in the hope that this would make the whole process easier and more accessible and hence encourage more ambitious bids. However as the programme moved towards implementation the need for local partners to understand these issues has grown. The time-scale of the programme has also been a problem as stakeholders do not always understand why things take so long and wonder where the money has gone. The failure to explain the workings of O1 properly has also occurred in other O1 programmes as in the case of the first MO1 Programme (Evans, 2002). Therefore it is unfortunate that the South Yorkshire Programme Executive failed to heed the lessons from the Merseyside experience particularly in the early days of the programme. This failure has led to frustration and disillusionment on the part of some stakeholders that could, and perhaps, should have been avoided. It has also led to the possibility that potential bidders for funding may have been dissuaded from applying.

Third, dedicated resources are required to ensure that adequate consultation takes place for all stakeholders. Most interviewees from the voluntary and community sectors echo the idea that a fair degree of consultation has taken place and perhaps more importantly this is reflected in the final SPD. It is argued by a number of interviewees that this was due to dedicated resources being put place for the consultation process for P4. It appears that South Yorkshire stakeholders have learned from past programmes about the need for genuine consultation and, that where this requires resources they have been prepared to make them available. This contrasts, to the situation in P2, where dedicated resources have not been allocated, and where the consultation process is given somewhat of a more mixed welcome. In general most interviewees are satisfied with the level of consultation that has taken place. However, there was some disenchantment with the way the initial consultation happened with some in P2 feeling that those stakeholders with experience of similar funding regimes have been able to get in first and direct the programme towards their own goals. In addition the time-lines of business culture, have come up against a consensual and slow developing approach that is required of regeneration programmes such as O1.

Fourth, there is a need for central government and others with overall responsibility for management and administration to ensure that programmes begin on time. Roberts (2003) argues that the majority of policy and operational decisions should be made at regional level. The need to refer back to the centre runs the risk of creating delays and tensions due to the departmentalism, which frequently prevails in central governments. Indeed problems with delays in the transition from the SYF, to the setting up of the Programme Executive, have led interviewees to identify what they claim is a lack of direction and focus resulting in the programme appearing to stall and drift at certain points. This has led to delays in projects starting and the possibility that funding will be lost due to the time-limited nature of the programme. These delays appear to be the result of a failure of any of the stakeholders to be able or willing to perform an executive role on a consistent basis. As Evans (2002) concludes with regard to the first MO1 programme, this may be the result of stakeholders having a vested interest in the outcome of the programme. Any O1 programme is a partnership with the stakeholders collectively responsible for managing and delivering the programme. This leads however, to the issue of how to reconcile ownership and involvement with the need for independent oversight and objectivity (Evans, 2002).

In theory the idea of an independent body to manage the SYO1 Programme would seem to be one possible answer to this dilemma (Davies, 2002; Evans, 2002). Such a body would be able to avoid questions arising from vested interests. It could provide leadership and direction without partners in the programme worrying about other stakeholders gaining power. However, it is hard to see from where such an independent body could be chosen. Both the UK government and the EU are already partners in the SYO1 Programme and any move towards the development of an executive body from either of these sources will in all likelihood, face resistance from other stakeholders worried about a possible loss of influence.

The fourth and final issue concerns the problems in relation to developing a joined up approach to regeneration programmes that have emerged. Roberts (2003) argues that separate ring-fenced SF programmes which do not connect with associated policy fields and policy fields should be avoided. The website outlined above has

been the work of the 'Invest to Save Budget'. This is a joint Treasury/ Cabinet Office initiative that provides support for projects which increase the extent of joint working amongst different parts of government. However, there appears to have been little success in aligning the SYO1 Programme with wider strategies. This problem is further complicated in SF programmes by the need for match funding. This issue is complicated by the different approaches taken by UK government and the EU leading to problems in identifying relevant sources for match funding. In the context of the SYO1 Programme this has been a problem for P4 where a shortage in possible match funding still existed at the beginning of 2003.

7.6 Further Research

In exploring the conclusions from this study a number of areas for further research can be identified. One possible weakness of this thesis has been its concentration on one sub-region. However, by focusing only on the SYO1 programme this research has been able to achieve a depth, which may otherwise have been lacking. Moreover, this opens up the way for further research to be conducted in other SF programmes in the UK and for comparisons to be made. The thesis has also been conducted at the outset of the SYO1 Programme. The longitudinal element has allowed for some assessment of changes that have occurred in the 2000-2002 period of the programme. There remains scope for further research into issues raised around changes in the management structure within the SYO1 Programme and to assess how capacity develops over the full lifetime of the programme. Much of the work undertaken on institutional capacity has focused on its impact on economic performance (Lovering, 1999, Raco, 1999). The timing of this research precludes any conclusions being made in relation to institutional capacity and economic performance in South Yorkshire. Therefore, research undertaken at a later time may be better able to address issues raised in the literature review concerning institutional capacity and economic performance. Furthermore, research into efforts to increase capacity in the voluntary and community sectors partners to involve themselves in partnerships on a more 'equal' basis can also be undertaken. There is also scope to view how the local government modernisation agenda, notably LSPs impacts on the development of the SYO1 Programme. Finally, it would be

interesting to assess how structures set up through the SYO1 Programme, such as SYOF, develop over a longer period of time.

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