

The City Strategy Initiative¹

Statements and Comments on the Discussion Paper

Pia Hellberg Lannerheim
City Office, Malmö

Simon Guentner
EUROCITIES

This is a short paper as a reaction to the discussion paper on The City Strategy in the United Kingdom produced by Prof Jan Vranken, University of Antwerp. The paper starts with our understanding of the UK City Strategy and the main issues at stake. It then follows the arguments of the discussion paper and provides comments on selected sections.

According to the host country report, the aim of the UK City Strategy is “to empower local institutions to develop local solutions by giving them the freedom to try out new ideas, and the flexibility to work together to combine and align their efforts behind shared priorities” (Host Country Report p1). The UK government’s expectations are that these new solutions will “deliver a significant improvement in employment rates...”, “ensure that individuals... are better able to both find and remain in work”, and “improve the skills of individuals...”. Thus, we understand that the UK City Strategy is *not* an employment initiative as such but a policy that primarily aims at institutional change. An impact on employment and skills is a – wanted - secondary effect, resulting from improved organisational performance and cooperation. It will be helpful to clarify this focus in the Peer Review, as it can only be understood in the context of the specific UK approach of delivering welfare through partnerships. This also has an impact on evaluation and monitoring progress, as we feel that indicators concerning organisational cooperation rather than entry rates into employment or the like have been overlooked so far.

The main concept behind the City Strategy seems to be “*centralised localism*” (Host Country Report p15). In light of the critical self-assessment in the Host Country Report (“a plethora of overlapping policy initiatives”, “lack of clarity about the role of City Strategy”), and to make best use of the European comparative perspective offered in a Peer Review, it would be useful to compare this very concept with alternative models applied to welfare delivery such as *subsidiarity* and *local self determination*.

Part A: The policy debate at European level

A.1 The policy framework at European level

The discussion paper makes reference to the *Lisbon Strategy*. Experience in cities shows that a strong emphasis on job creation and economic growth does not necessarily benefit the local residents. This is due to de-localisation of production, migration and skills mismatch. Even in growing and prosperous regions we find local pockets of deprivation that cannot be tackled by employment and economic policies alone. Hence, we believe the Lisbon strategy is not

¹ This paper presents the view of the authors and not necessarily of the whole network. It draws on discussions within the EUROCITIES Social Affairs Forum and tries to reflect the position of its members as much as possible.

necessarily the best reference in this context. Local development requires strong public services, including social and health services, transport and education. In terms of the EU framework, this requires a stronger link between *the Lisbon strategy, the Sustainable Development Strategy, Cohesion policy* and the *social Open Method of Coordination*. In short: A more integrated approach to employment and skills is needed if we want people in Europe to have a sustainable job.

The *flexicurity* approach is a good approach if the system can afford it. In order to support people's mobility, when needed, workers must feel secure enough to know that their benefits between jobs will be at an adequate level and that they do not lose their social security rights, otherwise there is a chance that people will oppose the flexibility needed in our labour markets.

But we believe that at EU level, two recent developments are even more important with regard to the UK City Strategy: The recently adopted common principles on *Active Inclusion* and the discussion about the future of the *EU Cohesion policy*.

In the active inclusion approach and its common principles, Member States, the European Commission and the European Parliament underline the need for an integrated approach to tackling worklessness, where labour market programmes need to be supported by quality local public services and adequate income support. The UK City Strategy appears to be a good example for how such an approach is implemented in practice, and for the institutional barriers that need to be overcome in multi-level and cross-sectoral cooperation. EUROCITIES actively contributed to the elaboration of the active inclusion approach and its members are engaged in several EU initiatives to analyse and promote organisational cooperation to tackle multiple deprivation at city level.

In the discussion about the future of the EU Cohesion policy, a case has recently been made for a place-based "territorialised social agenda", which also stresses the need for local tailor-made and integrated approaches.² Promoting experimentalisation and mobilising local actors are among the key concepts of this approach. It would certainly be worth considering how the elaboration of future instruments to support local initiatives post 2013 could take the UK's and other experience in delivering "centralised localism" into account, so that lessons can be drawn and eventual transaction costs avoided from the beginning.

We share Prof Vranken's view that equal opportunities and combating discrimination are essential for progress. Reducing gender related gaps in the labour market, however, will only be achieved when parents take equal amounts of time for paternity leave and a sufficient child care system is in place.

A.2 European and international comparative aspects

The discussion paper sees it as "difficult to compare the City Strategy to other European initiatives". In our view, the broad approach of the strategy, its combination of promoting a work-first approach and local partnerships, are well in line with welfare state reforms in other member

² Fabrizio Barca (2009): An agenda for a reformed cohesion policy – a place-based approach to meeting European Union challenges and expectations – Independent report prepared at the request of Danuta Hübner, Commissioner for Regional Policy

states and Metropolitan policy programmes. In fact, when it comes to local, area-based approaches, it is worthwhile to distinguish between two parallel developments:

- the decentralisation of social service provision incl outreach work, i.e. a “*spatial sensitivity*” of traditional social policy targeting at individuals
- the increased “*social sensitivity*” of urban regeneration programmes, which more and more go beyond physical interventions

The UK City Strategy sits in between both – this seems to be its great value as well as the source of some of its implementation problems. It would be interesting to learn more about how the City Strategy is positioned and linked up to the range of other area-based programmes in the UK.

The host country report mentions the *problems of sharing data* amongst organisations involved in the City Strategy. This is indeed a thorny issue, and one which local authorities are facing every day. Further investigation across European cities about how agencies work together and how technical as well as political concerns are met, would certainly be welcome.

A.3 A reference to related previous Peer Reviews

The Peer Review methodology is an effective way of supporting mutual learning. EUROCITIES has developed the concept further in a series of local peer reviews that measure performance against benchmarks and indicators that have been agreed by the peers in advance. The EUROCITIES Peer Reviews are targeted at local practitioners. We would like to suggest the idea of Peer Reviews that include participants at local, national and European level. In particular when it comes to questions around cooperation and coordination of policies across levels of government, such events could increase the learning effects significantly.

We also feel that efforts to make the reports and findings of Peer Reviews available for local and other actors should be increased. They are a very useful source of first-hand information, but unknown to many important actors in social policy, in particular at implementation level.

A.4 Assessment of possible ways of measuring the results or the impact of the good practice under review

In light of what we understand as being the main objective of the UK City Strategy, we think that an evaluation framework should target at assessing synergy effects, resource efficiency and effectiveness. The “sustainability of their jobs”, as proposed by Prof Vranken, would then not so much be an indicator for assessing the City Strategy but the quality of the respective service (which is part of the City Strategy). Being very precise in what to measure and what not will be crucial.

As measuring cooperation effects will be important in monitoring the implementation of the EU Active Inclusion principles, it might be worthwhile to hold an expert workshop on *indicators for effective cross-sectoral cooperation*. Prof Vranken suggests developing a typology of City Strategy Programmes. We think that this would be a valuable undertaking in order to better understand and communicate the differences in implementation and local governance

arrangements; and it could inspire new thinking about partnership models. This could be even expanded to a European level, bringing in the experience of similar programmes in other Member States.

Part B: Main elements of the City Strategy Initiative

B.1 Background

The background to an initiative is one of the main sources to understand the approach. From the discussion paper, the problems are easy to understand and some of us might recognize similar problems in our own countries/municipalities. Prof Vranken distinguishes between “formal” and “informal” reasons. This is an important point: Striking a good balance between the objective to reduce public expenditure and deliver tailor made responses without losing the hardest to reach behind is the central dilemma of all activation policies. Against the new pressures caused by the recession and expected budget cuts in the future, it will be enormously helpful for responsible actors to learn from another about how best to get this balance right.

B.2 The goals, objectives and target groups

The distinction between substantial and procedural goals is helpful. Given the limited budget of the City Strategy, it is clear that procedural goals prevail. In our view, raising awareness for the problem of worklessness on political priority lists is certainly important. But at the same time, we feel the concept is rather narrow, and issues around *social participation* seem to be absent. With years of high unemployment rates to come, this question will become even more critical. What about those who simply cannot find a job? What about the risk that the groups which are referred to as “chaotic” in the Host Country Report withdraw their trust in public institutions and turn to extremist alternatives?

The system of targets seems solid, particularly interesting is the way the targets are set: the 3% reduction below the counterfactual. But we do not understand why *people with incapacity benefits* are included: If people are not capable of work, why are they the ones to focus on? They are entitled to these benefits because of their incapacity otherwise they ought to be in another scheme or category.

Although numerous direct target groups are mentioned, we are not sure about how the prioritization is justified. In our view, it would be obvious that the NEET group should rank high on the list. And why are homeless people absent from the list? Are they covered by another scheme? With regard to goals and target groups, we clearly miss a link to *child poverty*.

The public, private and voluntary sector are referred to as “indirect target groups”. Given the design of the strategy, we wonder if it is not the other way round – that they are the prime group, and the workless people the secondary, somehow benefiting from better organisational performance?

Professor Vranken rightly underlines that the *social economy* should play a more prominent role. In our view, every actor who can contribute to social participation, employment and training should be involved, even more so in times of the recession. It would be helpful to know how

private employers are involved and engaged, which incentives and benefits the scheme holds for them to accept the “hard to reach” groups as potential employees.

We would like to highlight the issue of *power* and *micropolitics* within partnerships. It is obvious that power lies with resources, which will be unevenly distributed within the local consortia. Which consequences does this have for the partnership’s agenda, and ultimately, its performance?

B.3 Institution arrangements and procedures of implementation: from planning to implementation and delivery, with a particularly focus on monitoring and evaluation

Pathfinders were selected from areas that were furthest from the national 80% employment rate aspiration. It would be helpful to learn more about the *selection process*. Is the number of benefit recipients included in this? How rigid are the boundaries of areas?

And, maybe even more critical: The *composition of a partnership* is not always similar which leads to the question how the partners are selected. Who decides who will take the lead? And who is putting the partnerships together? If the partnerships are formed on basis of already existing ones, it might be “same but same”. The approach to use existing resources is very attractive, but it demands some kind of inventory. Overall, one is left with the impression that the system of similar and parallel partnerships is very complicated and not transparent.

A very positive element, which certainly should be communicated to the European Commission before developing the next round of Structural Funds, is the idea of *seed corn funding*. A local strategy is not developed over night, but this process needs time and must be inclusive. It is here where ownership and commitment is developed. Therefore an investment into this period will always pay off later in the process.

Part C: The result so far

The discussion paper mentions visits among CSPs and internal working groups as part of the evaluation system. This is a powerful form of mutual learning and capacity building, which could be used in other national programmes, too. It is important that in such exercises the service users and residents of the areas have the opportunity to bring in their experience, too.

C.1 The quantitative results of the initiative so far, in relation to the baseline situation and to the goals and targets

Two years is a fairly long time and one would expect some preliminary findings to assess the impact of CSPs. But we understand that macro-economic developments need to be taken into account, too. We would appreciate if the sources of funding could be better explained: Where is it coming from, and what does it include? Are EU funds involved?

C.2 An evaluation of the delivery system of the Initiative

Greater clarity about the planning process and a shared language is a very good achievement. Also, increased awareness about the issue of worklessness is a very good result. To get partners to understand the importance of complementing rather than duplicating is another important achievement.

C.3 Other results and achievements of the Initiative

It seems that the Pathfinders found a good path to follow. It will be interesting to see what can be achieved when partners work together. We believe it to be useful to analyse the process dynamics, the emergence and transformation of the partnerships over the time – who is when in the lead, which partner plays which role – in order to draw lessons for other countries which are only starting such a process.

C.4 An assessment of the obstacles and constraints encountered, and an indication of the factors determining success

The obstacles mentioned in the discussion paper are serious and point to the dilemma of the chosen approach – high ambitions but few resources and soft measures. This problem is familiar from other area-based policies, such as the German “Socially Inclusive Cities” programme. We would like to learn more about the reasons for the reluctance of actors to join – in particular when it comes to data sharing. This is a point where the experience of other countries will also be extremely interesting.

We would also like to hear more about the reasons why some target groups are hard to reach - if people are on benefits then the respective responsible agencies should have contact – and how they are approached in practice.

Amongst the findings, it is said that there is more involvement of private employers if the CSP is not led by the public sector. Why is this the case?

Part D: Key issues for debate at the Peer Review meeting:

The discussion about governance and partnership is crucial. But we find Prof Vranken's distinction somewhat misleading, in particular his assumption that partnerships could be a step “towards forms of local/urban governance”. In our view, the term *governance* refers to coordination of collective action and can find many forms: hierarchy, market, solidarity etc. *Partnerships* can also come in all sorts, from informal agreements to formalised and contract based PPPs. We will find very different interpretations of these concepts in Europe, and it is important to reflect on these. And, as it seems, even within the UK City Strategy various governance modes and partnership models are tested.

From a local government perspective, some principles must inform all public action, such as *clear accountability, subsidiarity, transparency, efficiency and effectiveness*, and also *citizen participation*. If partnerships are developed, it must be avoided that these are undermined. In this context, we would like to discuss what is meant by “local actors must be empowered”.

We agree with the need to stress the issue of *social participation* and *active citizenship*. This seems to be a blind spot in the strategy, whilst it is clear that social participation is for some people a first step towards inclusion and eventual uptake of a job. And an effort to build trust amongst the hard to reach groups is crucial in these times.