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The established ways of doing local government are giving way to new, as yet not fully formed, governance alternatives. The use of governance captures an understanding that there has been for more than two decades a period of change in governing arrangements at the local level. Old has not entirely given way to a finally formed new but the obituaries for the old system can be written. However, our focus is on a period of intense transition that is under way. The search for a reformed local governance is a response to working in a post-industrial, post-bureaucratic and post-welfare state expansion period. Crouch (2000: 13) explains in abstract terms what is implied by ‘post-X’:

Time period 1 is pre-X, and will have certain characteristics associated with the lack of X. Time period 2 is the high tide of X … Time period 3 is post-X. This implies that something new has come into existence. However X will still have left its mark … More interestingly the decline of X will mean that some things start to look rather like they did in time 1 again. Post periods should therefore be expected to be very complex.

It is the sense of moving from one phase to a yet not fully defined period – which in turn remains affected by historical legacies – that is captured by the use of prefix ‘post’. The starting point for this book is that we have entered a post-elected local government era and are moving to a new era of local governance populated by a more diverse and varied set of institutions and processes. Moreover the period of transition is complex given that it is driven by reform programmes that are not entirely coherent and where new ways of working run alongside features of local governance that would have graced earlier periods.

The particular changes relating to local politics are framed within a wider set of changes in economy and society that have been variously entitled as post-modernity, post-industrialism or post-Fordism (see Stoker, 1989, 1990). From the early 1970s onwards the relatively settled pattern of post-war welfare states in the western democracies has been under challenge
A key factor has undoubtedly been the financial crisis of the state, which has encouraged a reconsideration of its form and operation (Pierre and Peters, 2000: 52–5). The responses that are labelled as part of governance here are more than the acceptable face of spending cuts. They are a reaction, as Pierre and Peters (2000) argue, to globalization, the perceived failure of nation state to intervene effectively in tackling social and economic conditions and the sheer complexity of the governing challenges that now have to be confronted. At times the European Union, central government as well as local government have all pushed the search for new partnership solutions. Governance methods have also emerged as a result of social movements or campaigns such as those around the environment where arguments for more inclusive forms of action, which bring the public to the fore, have been aired. Several factors then explain the emergence of governance. Overall ‘governance has become important due to changes in society … and the new governance is a strategy to link the contemporary state to the contemporary society’ (Pierre and Peters, 2000: 51–2).

This book argues that in Britain under New Labour the debate about public service reform at least at the local level has moved beyond the concerns of new public management to an emerging concept of networked community governance. The emerging system challenges central pillars of the world of local government that dominated in the immediate post-Second World War period. These arguments are explored further below. First, three models of how local government should be organized are outlined and associated with different eras from post-war, through the new public management of the 1980s and 90s to the changes that have taken place under New Labour at the start of a new century. The next two sections outline the changed governing institutions and processes associated with the emerging networked community governance.

### Beyond new management: the emergence of networked local governance

Table 1.1 sets out in an abstract form three eras for the governing of local affairs. In the post-war period local government played its part in the establishment of the core services of the welfare state and along with that role in the welfare state went certain assumptions about how local services should be governed. A period in which local government adopted a traditional public administration form gave way under pressure from a New Public Management wave carried first by the local government reorganization in the early 1970s and given new impetus by the Conservative governments of
### Table 1.1  Eras of local governing

<table>
<thead>
<tr>
<th>Elected local government in post-war setting</th>
<th>Local government under New Public Management</th>
<th>Networked community governance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key objectives of the governance system</strong></td>
<td>Managing inputs, delivering services in the context of a national welfare state</td>
<td>Managing inputs and outputs in a way that ensures economy and responsiveness to consumers</td>
</tr>
<tr>
<td><strong>Dominant ideologies</strong></td>
<td>Professionalism and party partisanship</td>
<td>Managerialism and consumerism</td>
</tr>
<tr>
<td><strong>Definition of public interest</strong></td>
<td>By politicians / experts. Little in the way of public input</td>
<td>Aggregation of individual preferences, demonstrated by customer choice</td>
</tr>
<tr>
<td><strong>Dominant model of accountability</strong></td>
<td>Overhead democracy: voting in elections, mandated party politicians, tasks achieved through control over the bureaucracy</td>
<td>Separation of politics and management, politics to give direction but not hands on control, managers to manage, additional loop of consumer assessment built into the system</td>
</tr>
<tr>
<td><strong>Preferred system for service delivery</strong></td>
<td>Hierarchical department or self-regulating profession</td>
<td>Private sector or tightly defined arm’s-length public agency</td>
</tr>
<tr>
<td><strong>Approach to public service ethos</strong></td>
<td>Public sector has monopoly on service ethos, and all public bodies have it</td>
<td>Sceptical of public sector ethos (leads to inefficiency and empire building) – favours customer service</td>
</tr>
<tr>
<td><strong>Relationship with ‘higher’ tiers of government</strong></td>
<td>Partnership relationship with central government departments involved in delivery</td>
<td>Upwards through performance contracts and delivery against key performance indicators</td>
</tr>
</tbody>
</table>

Source: Developed from Kelly and Muers (2002).
the 1980s. The consequent model of enabling local governance on offer was driven by a different set of ideas about the way those public services should be governed, with efficiency and customer care as the watch words. We are moving in Britain at the beginning of the twenty-first century, under the impact of New Labour, towards another set of ideas about the governance of local public services. This is a vision of networked community governance that could provide the basis for a new role for local government. None of the models fits perfectly within the time frames as outlined. There is leakage and overlap. The first two models did become dominant ways of expressing an idealized statement of the role and core processes that were expected of local government. The third offers a vision of what may become the new common sense of what local government is there to deliver in the early years of the twenty-first century but it has not yet been realized.

These models represent different mixes of ideological forms that have for long been commonplace in local politics. Dunleavy (1980: 145) comments on ‘the existence of ideological forms or stereotypes in local political institutions which … may exert an extensive determining influence on individual actors or groups. By defining a series of options open to actors, and others which are foreclosed, such ideologies largely delimit the scope and direction of change, crucially influencing the “style” of local authority decision-making.’ Writing in 1980 Dunleavy found professionalism and party partisanship to be the central ideological creeds of, respectively, officers and elected politicians. These are the creeds that dominated during the period in which traditional public administration understandings dominated elected local government.

Managerialism is the other main ideological creed identified by Dunleavy. A lesser role is also given to several other ideologies, of which one is particularly worthy of note, namely localism. Localism, Dunleavy defines as a policy focus on the concerns of the community served by the authority. These two ideologies were regarded by Dunleavy as marginal when he published his book in 1980. Managerialism was a cost-cutting creed espoused mostly by treasurers and localism the reserve of relatively powerless councillors with a ward or neighbourhood focus. Yet since 1980 professionalism and partisanship as the dominant legitimating ideologies of local government have come under considerable attack and both managerialism and localism have risen in prominence.

Under the traditional public administration model the key task for local government was delivering services as part of the welfare state. The assumption was that what was required was largely known. It was to build better schools, housing and roads, and provide better welfare and that we
could rely on expert officers and politicians to define what was precisely needed in any one locality. This is the world of local government described in Ken Newton’s (Newton, 1976) study of Birmingham or Jon Gower Davies’s analysis of Newcastle (J. Davies, 1972) in the late 1960s and early 1970s. Within its role as provider of services in the welfare state, local government was a dominant and rather domineering player. It raised local rates and managed central government grants in order to deliver and develop services. It managed service delivery largely in-house and was confident that its actions were imbued with a special public sector ethos and mandated through the legitimacy provided by the operation of local elections. Professionalism and confident partisan politics were to the fore.

The first attack on this world view came from the New Public Management. The first expression was in the interest in corporate management in the late 1960s and 1970s (Dearlove, 1979; Cockburn, 1977) although that left few institutional traces other than a stronger role for chief executives (Gyford et al., 1989: ch. 3). The second coming of New Public Management was more of the cost-cutting variety of managerialism recognized by Dunleavy (1980). Here the stress was on keeping down the cost of providing public services through stronger management disciplines such as across-the-board ‘efficiency’ savings, performance targets and the use of competition to select the cheapest service producer. The Conservative governments from the early 1980s onwards laid considerable stress on these New Public Management disciplines. In the 1990s, as part of a growing consumerist orientation in local government (Skelcher, 1992) central government began to call for responsiveness and choice in public services alongside the narrow focus on cost savings. Better management meant putting the customer first.

Managerialism, although in a somewhat broader form than the cost-cutting ideology identified by Dunleavy (1980), began in the 1980s and 90s to take an increasingly strong hold in local government in Britain (Stoker, 1999b). This ideology saw political leadership as important in setting direction but beyond that a potential source of inefficiency. Politicians were to set goals but should not dictate the means to achieve them. The key to managerialism is its emphasis on the rights of managers to manage against inappropriate interference from politicians, or, for that matter, the special pleading of professional groups. Managerialism focuses on running what is more effectively. The perspective of this era is that the welfare state is established but expensive and demanding in terms of taxpayers’ money so the key challenge is to make service delivery more efficient. The idea of an exclusive public sector ethos to guide providers is rejected in favour of
a more open competition between producers from a variety of sectors to keep down costs and in order to encourage responsiveness to users. In some formations a particular additional role is given to consumers in defining the purposes of public services and even more strongly in assessing whether public services have provided satisfaction. The key to good management is clear goals that meet consumer needs, solid contractual relations between service commissioners and service producers and effective monitoring of service delivery. It is at this final stage that including some measure of consumer satisfaction is seen as appropriate.

A third model of complex community governance began to take shape from the mid-1990s onwards (Sullivan, 2001). It takes its main inspiration from the ideology of localism, namely that the key task for local government is to meet the needs of its community either directly or indirectly. In that sense it places far more emphasis than either the post-war model or the New Public Management approaches on the search for what are the issues and what might be the solutions. Its reach is beyond the delivery of services. Its overarching goal is the meeting of community needs as defined by the community within the context of the demands of a complex system of multi-level governance (Stewart and Stoker, 1988). Its aim is to achieve not narrow efficiency but Public Value, defined as the achievement of favoured outcomes by the use of public resources in the most effective manner available (Moore, 1995; Goss, 2001). Given such a goal it is not surprising that no particular place is given to a public sector ethos but rather there is a broader commitment to maintaining system relationships in general. The choice of which sector or organization should be involved in provision is also a pragmatic one.

The model demands a complex set of relationships with ‘higher’ tier government, local organizations and stakeholders. The relationships are intertwined and the systems of accountability are multiple. The political process is about the search for identifying problems, designing solutions and assessing their impact on the underlying problem. Beyond service delivery there is a focus on the purpose of services and their impact on the problems they are addressing. Success is not a simple matter of efficient service delivery but rather the complex challenge of whether an outcome favourable to the community has been achieved. The model retains a strong commitment to managerialism in order to join up and steer a complex set of processes. This is a managerialism that goes beyond a search for efficiency gains or a customer orientation to take on the challenge of working across boundaries (Sullivan and Skelcher, 2002) and to take up the goal of holistic working which is ‘greater effectiveness in tackling the problems that the public most care about’ (Perri 6 et al., 2002: 46).
Networked community governance: the organizational and structural ingredients

Beyond elected local government

In the early 1970s the elected local council with its committees and departments was the key institution of the local political environment. The ‘Town’ or ‘County’ Hall epitomized for many of the public their understanding of a bureaucratic organization: hierarchical, rule-driven and a permanent presence in their community. Reorganizations led to changes of name, and in the localities covered and functions held, but the basic organizational structure remained the same. Local government consisted of councillors elected to serve the governing body that supervised the operation of a range of departments each with its particular functions, bureau head and hierarchical tiers of permanent officials. In practice decision-making was concentrated in the joint elite of senior officers and councillors (Stoker, 1991: ch. 4). Chief officers, their deputies and committee chairs and vice-chairs jostled with one another over priorities and spending. Key additional influences came from ruling party group(s) and interdepartmental conflicts and intradepartmental arenas that engaged more junior officials. As in other institutions the local bureaucratic system appeared to give considerable openings for those in formally subordinate positions to gain influence (cf. Held, 1987: 161). The system was hierarchical but not entirely closed and scope remained for some interest groups and local interests to carve out decisions and measures to their liking (Stoker, 1991: ch. 5).

The governance account does not claim that the local bureaucratic machine, so dominant in the 1970s, has disappeared but rather argues its pre-eminence can no longer be taken for granted and that the organizational world has begun to look more complex. One key sign at the local level is the arrival of new organizations outside the formal span of control of the local council. There is virtually now no field of local decision-making where local government is able to operate on its own as Table 1.2 demonstrates. Whatever the function there are a mixed range of partners from freestanding agencies to various partnerships. Indeed the institutions listed in Table 1.2 are not a comprehensive or necessarily permanent set of institutional forms that make up local governance. Moreover some agencies were core to local government functions in the past, in terms of the role, for example, of water authorities or the nationalized providers of gas and electricity. But the range and variety of sectors from which key agencies are drawn means that at the beginning of the twenty-first century the challenge of networked community
Table 1.2  Core functions of local governance and institutional complexity

<table>
<thead>
<tr>
<th>Community safety:</th>
<th>Employment and skills:</th>
<th>Education and early years:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Police authorities</td>
<td>• Learning and skills councils</td>
<td>• School governing bodies</td>
</tr>
<tr>
<td>• Fire authorities</td>
<td>• Employment action zones</td>
<td>• Education action zones</td>
</tr>
<tr>
<td>• Magistrate’s courts</td>
<td>• Colleges of further education</td>
<td>• Learning partnerships</td>
</tr>
<tr>
<td>• Crime and disorder partnerships</td>
<td>• Universities</td>
<td>• Early years development and child care partnerships</td>
</tr>
<tr>
<td>• Drug action teams</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Basic police command units</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Neighbourhood wardens</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Housing and regeneration:</th>
<th></th>
<th>Health and well-being:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Registered social landlords</td>
<td></td>
<td>• Primary Care Trusts</td>
</tr>
<tr>
<td>• Single regeneration budget</td>
<td></td>
<td>• Health Action Zones</td>
</tr>
<tr>
<td>• New deal for communities</td>
<td></td>
<td>• Sure Start partnerships</td>
</tr>
<tr>
<td>• Gas and electricity utilities</td>
<td></td>
<td>• Children’s Trusts</td>
</tr>
<tr>
<td>• Neighbourhood wardens</td>
<td></td>
<td>• Strategic health authorities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transport:</th>
<th>Environment and planning:</th>
<th>Leisure and arts:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Passenger transport authorities</td>
<td>• Environmental protection agency</td>
<td>• Sports councils</td>
</tr>
<tr>
<td>• Highways authorities</td>
<td>• Regional planning bodies</td>
<td>• Arts councils</td>
</tr>
<tr>
<td>• Bus companies</td>
<td>• Regional development agencies</td>
<td></td>
</tr>
<tr>
<td>• Rail companies</td>
<td>• Water companies</td>
<td></td>
</tr>
</tbody>
</table>

Governance is characterized by a high level of complexity in the relationships between local councils and others local service agencies.

*Beyond overhead representative democracy?*

Post-war local government rested on the overhead democracy model. That model relied on two linkages: citizens control elected politicians (electoral accountability) and politicians control bureaucrats (bureaucratic accountability) (cf. B. Jones, 1995: 74). Accounts of local democracy in the 1970s to a large extent rested on this model but many commentators in the
1970s noted problems with both linkages in the overhead chain of accountability. First, electoral accountability was threatened by the influence of national factors on voting so that as a test of local performance local elections might be seen as inadequate (Newton, 1976: ch. 2). Some argued, however, that the electoral linkage remained in place notwithstanding such issues.

Voters may cast their vote on the basis of all manner of motives – sensible, judicious, bigoted or capricious – what matters is that an elected body is produced that acts as if it is a representative of its constituents’ interests. (Sharpe, 1970: 172)

The key issue was that the overseers of the system were elected and that guaranteed accountability.

In a similar manner problems with bureaucratic accountability are noted but judged by many to be not sufficient to undermine the thrust of the overhead model. The power of officials in controlling information and agendas is noted; so too are their claims of professional judgement to override political input. Yet the view of many commentators (Gyford, 1976) in the 1970s remained that if politicians were organized and committed they could control their bureaucracies. Newton (1976: 164) comments, “the relationship between elected representatives and appointed officials is rather more equal than (the) ‘dictatorship of the official’ prophecy suggests’.

The community governance account does not dismiss the overhead model of democracy; although it might favour greater scepticism about how effectively electoral and bureaucratic accountability operates in the current period. Its key message is again that the complexity of the challenge has increased. New lines of accountability have been added to those identified by the overhead model.

The first challenge – and this was a force recognized in the 1970s – is the role of local pressure or interest groups (see Newton, 1976; Gyford, 1976). At the very least organized groups outside the council complicate the image of overhead democracy. In some versions of the argument they can lead to an alternative model of pluralist democracy in which factions of government and interested publics work together to make decisions and meet the challenges of their locality (cf. B. Jones, 1995: 75–6).

Accountability through local interest groups has been accompanied by the rise in accountability to service users through panels, committees, boards and discussion of forms of direct participation through citizen-initiated ballots or local authority or central government endorsed referendums. More broadly there is a considerable emphasis on and growth in schemes
for public participation and consultation that potentially cut across the simplistic linkages of the overhead democracy model. Processes of consultation and user involvement that were observable in the 1980s in British local politics (Gyford, 1986; Gyford et al., 1989) have become an established part of local government operations in the late 1990s (see Lowndes et al., 2001a and b). Accountability directly to stakeholders involved in using services or based in particular communities of interest or geography is a much more accepted, indeed expected, part of local politics at the beginning of the twenty-first century than it was in the late 1960s and 1970s.

Administrative accountability has also been strengthened through the establishment of the local ombudsman in 1974 as well as more developed rights to information and mechanisms to bolster complaints procedures. The local ombudsman system in England handled some 20,000 cases a year by the late 1990s although in less than 1 per cent of cases is a maladministration with injustice finding made (Wilson and Game, 2002: 153–5). There has also been a wider use of judicial review. In 1974 leave for review was sought 160 times. In 1995 this had grown to 4400 cases (Wilson and Game, 2002: 153). The final wave of accountability has a managerial character and involves increased use of auditors and inspectors for achieving value for money and effective service performance. This enhanced form of regulation within government is discussed in more detail in Chapters 3 and 5. Both Conservative and Labour governments since 1979 have encouraged increased use of this form of accountability.

The governance perspective brings into focus forms of accountability that stretch beyond the overhead model. In doing so it recognizes how changes in the last few decades ‘challenge the traditional role of members and officer-professionals to shape the organization of the service and even to determine appropriate standards of performance’ (Loughlin, 1996: 50). Whether these new forms of accountability have brought benefits that outweigh any costs is, of course, open to doubt. By rendering the local government system to much greater external accountability by consumers, taxpayers, review agencies and central departments a profound shift has occurred with substantial implications for the constitutional position of elected local government (Loughlin, 1996). The governance account brings this fundamental break from the overhead democracy model to our attention.

*The rise of multi-level governance*

The governance account shifts attention beyond the two-way relationship between central and local government to recognize not only the complexity
of intergovernmental networks of various forms but also more generally the rise of multi-level governance. Again the underlying message is of increased complexity. The issue of central–local relations remains a matter for discussion but is placed in the context of a wider web of intergovernmental relations.

In the 1970s the key intergovernmental issue was about the relationship between central and local government. The Layfield Committee (1976), for example, debated long and hard about the constitutional implications for central–local relations of the financing of a new range of local public services. Given the centre’s increased contribution to funding local services, could scope for local government and decision-making remain, asked Layfield. This concern about the way that local services are financed from central government grants or local sources has not gone away but it has been deflected by a recognition of a more complex reality.

At the beginning of the twenty-first century local authority total spending in Britain constitutes only about a quarter of all public spending in localities. Admittedly a considerable proportion of that other public spending comes from the health and social security sectors in as much as it would have done in the 1970s. Nevertheless a wide range of appointed bodies, partnerships and agencies have over the last three decades become an important part of the local government scene, joining various benefits and health bodies. As noted earlier the emergence of local quangos – a term used to capture here the range of appointed bodies, partnerships and self-governing agencies – is a key empirical development for the governance perspective.

Alongside an array of semi-independent or autonomous agencies operating at the local level there has been a recognition following the studies of Dunleavy (1980) and especially Rhodes (1988) of the wider organizational networks and influence of intergovernmental relations.

The term ‘central–local government relationship’ can be misleading if it encourages a narrow focus on the interaction between central departments and local authorities. In practice a range of other organisations cut across the relationship, including the local authority associations, professional organisations, party institutions, quasi-government organisations and trades unions. (Stoker, 1991: 146)

The wider world of the national local government system has an enormous impact.

Still further institutional complexity is added by recognition of the increased significance of bodies operating at spatial scales other than that of
the local authority. Devolved political institutions in Scotland, Wales and Northern Ireland operate alongside weak unelected regional assemblies in England. The European Union has emerged as an actor of substance in local affairs through its regulation and funding regimes (Benington and Harvey, 1999). It might also be added that the Labour Government elected in 1997 has encouraged the establishment of neighbourhood and other partnership organizations governing institutions under the New Deal for Communities and other programmes. In short, institutional actors at neighbourhood, regional and supranational levels have complicated the experience of intergovernmental relations.

The overall result of these various institutional factors – quangos, network organizations and multi-tier spatial political institutions combined with central and local government – has been characterized as the arrival of multi-level governance. ‘Governing Britain to-day – and indeed any other advanced western democratic state – has thus become a matter of multi-level governance’ (Pierre and Stoker, 2000: 29). To understand the challenge of governing requires a recognition that decision-making has multiple locations – spatial and sectoral – and is driven by a complex interplay of forces across these multiple locations. The governance account takes it as axiomatic that to study local governance the richness and complexity of its organizational and spatial settings needs to be recognized. The new starting point needs to be multi-level governance which, in turn, means ‘no pre-judgements about the hierarchical order of institutions: global patterns of governance can hook up with local institutions just as local or regional coalitions of actors can bypass the nation-state level and pursue their interests in international arenas’ (Pierre and Stoker, 2000: 30).

The search for fiscal fudges and value for money

As noted at the start of the chapter, financial constraints provide an important element in background to the rise of governance. Governance solutions, in part, represent an attempt to cope with the fiscal tension created by an increasing demand for public services and at the very least a certain ambiguity about the willingness of all sections of the public to pay the taxes necessary to cover increased expenditure. The governance account places a central concern on the management of this fiscal tension.

In some ways because tensions over holding back public spending have been part of the policy of Britain and many other western democracies for the last twenty years – certainly for all my working life! – it is easy to forget
that at least for a period during the 1950s and 60s it was not such a prominent issue. Between 1955 and 1975 local authority current expenditure tripled in size at constant prices (Stoker, 1991: 7). Assumptions of continued growth were deeply ingrained. According to Sharpe (1970: 173) ‘rising demand is likely to be a permanent feature’ of a large number of local services. He identified three factors that were likely to sustain the push for higher spending.

The first is the growth in the numbers of those age groups that consume the lion’s share of these services, the young and the old. Second, there is the rise in expectations generated by rising living standards; and third, on the supply side, rising standards generated by the services themselves. This last one may be the most decisive of the three and broadly takes the form of last year’s most advanced increment to standards becoming next year’s basic need (Sharpe, 1970: 172). Sharpe’s analysis over the factors driving forward spending is perceptive. Demographic pressures, rising expectations and producer-sponsored pressure for improvements have all played a part in the push for higher spending. What is conspicuous by its absence is recognition that countervailing forces might exist.

There are two general countervailing forces to consider (Pierre and Peters, 2000: 52–5). The first is that the economic growth that for many states had delivered growing tax revenues became slow or uncertain. The second is the stalling of the political platform for tax revenues. By the 1970s taxes in many countries had reached a level beyond which they could not be raised further. Growing political protest, increasing incentives for tax evasion and impaired economic growth all seemed to prohibit further tax increases (Pierre and Peters, 2000: 53). In Britain the 1970s saw protest votes for ratepayer groups in a few areas and in 1976 the establishment of the Layfield Committee in part as a response to a concern about how to fund local finance. The election of a Conservative government in 1979 began a period of considerable struggle over local finance which delivered (eventually) central control over local spending to an overwhelming degree.

The governance account takes as a central theme the tension between increased demand for public spending and a strong sense of limitation on the taxpayers’ willingness to pay. The focus of governance is, in part, about the search for solutions to manage the tension.

Solutions involve the search for ‘value for money’. New methods of working – contracting, partnering, regulatory provisions – may deliver that elusive ‘more for less’ and help, therefore, to ease the fiscal tension. They can also be more about fiscal fudge through dressing services in private clothing to give them greater public appeal or an appearance of efficiency.
Some private finance deals that appear to delay but not reduce taxpayer funding for the service might fall into this category (Kelly, 2000). The contribution of public–private partnerships is in a key question for researchers interested in the development of governance. More generally a focus on managing financial constraints is a defining characteristic of the governance perspective.

Towards new governing processes

Governing is concerned with the processes that create the conditions for ordered rule and collective action within the political realm. What is it that enables complex tasks to be managed, priorities set and decisions made? How in a complex environment with a vast range of actors can a sense of order and direction be established? How in the context of conflict over goal definitions and the practice of implementation is some capacity to act collectively maintained?

These challenges are issues central to governing in any time period and the Weberian paradigm – so long dominant in public administration – has provided a particular set of solutions to the challenges posed. In Weber’s political thought three institutions are seen as essential to coping with the complexity of modernity and for delivering order to the governance process. They are political leadership, party and bureaucracy (Held, 1987: 148–60).

Weber was not opposed to the idea of direct democracy but felt it was unlikely to be a viable option for most decision-making within a mass democracy. A representative form of democracy, in contrast, is seen as having the flexibility to balance different interests and develop policies to meet shifting circumstances. However, Weber placed modest expectations on the representative body of elected politicians. It allowed for discussion and debate but was primarily there to provide a pool of potential political leaders. Elections, in turn, provide the crucial mechanism for popular endorsement or otherwise of political leadership. Competing political leaders lies at the heart of the democratic process. Weber assumed that the public was largely uninterested in wider political engagement and participation. This concept of elite democracy was a central plank in western political thought for much of the twentieth century.

Parties – with tight discipline – are the key institution for both mobilizing support in a mass democracy and in organizing the practice of government by holding representatives to a shared collective line. Career politicians emerge who owe their advances to political parties and the parties in turn
become key vehicles for fighting and winning elections. Parties get out the vote and organize government. Modern democracy was unthinkable save in terms of political parties (Dalton and Wattenberg, 2000).

Bureaucracy forms the third arm for organizing the modern state. Mass citizenship leads to increased demands on the state – in areas such as education and health – which can only be managed by standardization and routinization of administrative tasks. Moreover modern economic systems demand the stability and predictability provided by bureaucracy. From a Weberian perspective bureaucracy delivers organizational effectiveness through four features (Beetham, 1987). The first is the placing of officials in a defined hierarchical division of labour.

The central feature of bureaucracy is the systematic division of labour, whereby complex administrative problems are broken down into manageable and repetitive tasks, each the province of a particular office (Beetham, 1987: 15). A second core feature is that officials are employed within a full-time career structure in which continuity and long-term advancement is emphasized. Third, the work of bureaucrats is conducted according to prescribed rules without arbitrariness or favouritism and preferably with a written record. Finally, officials are appointed on merit. Indeed they become expert by training for their function and in turn control access to information and knowledge in their defined area of responsibility.

The dominance and influence of the Weberian model on what constitutes government in the western democratic tradition of thought is substantial. It finds reflection in the Westminster model, a dominant paradigm in British politics (Gamble, 1990). This model characterized the British political system as a unitary state led through strong cabinet government, parliamentary sovereignty, an impartial civil service and accountability through regular elections. At the local level Weberian assumptions underlie a large part of what John Stewart (2000: ch. 4) calls the ‘inherited world of local government’: the committee system, the departmental base, the bureaucratic habit and the influence of professionals. More generally assumptions about the role of party, the passivity of the public and the overriding legitimacy that comes from election are deeply ingrained in much of the thinking of both local government practitioners and observers.

From the arguments made in the first section of this chapter it is clear that the Weberian governance paradigm is under severe pressure. The reduction of politics to a competition between leaders is seen as too limiting in the new world of governance. Overhead democracy is not enough. The role of political parties is the key instrument of political organization and representation is subject to challenge by other forms of participation and accountability.
The view that the bureaucratic form of provision delivers the greatest organizational effectiveness is widely questioned.

So the world has changed but here a more general argument is developed; namely that while the Weberian perspective rested on viewing governing as a tight cluster of connected institutions, the networked community governance perspective offers a contrasting organizing framework of wider, looser organizations joined through a complex mix of interdependencies. Advocates of networked community governance make a virtue out of these features. In this book, for the present, it is simply suggested that in order to develop a better understanding of local politics and service delivery we need to make these governance features a focus of analysis.

Networked community governance frames issues by recognizing the complex architecture of government. In practice there are many centres and diverse links between many agencies of government at neighbourhood, local, regional and national and supranational levels. In turn each level has a diverse range of horizontal relationships with other government agencies, privatized utilities, private companies, voluntary organizations and interest groups. There is nothing to suggest that networked community governance should be any less susceptible to conflict regarding goal definitions and defining priorities than the traditional views of governing. Governance does not wish away conflict but it does recognize that there are a variety of ways in which it can be managed other than through a tight core of institutions such as bureaucracy and political party and a limited elite form of democracy.

Moreover, whereas the Weberian model offers one solution to the co-ordination challenge in a complex setting the governance perspective recognizes there are at least four governing mechanisms beyond direct provision through a bureaucracy. The bureaucratic form solves the problem of organizing in a complex world by dividing tasks into manageable parts and then connecting the actors responsible for individual tasks through a hierarchical structure of command. From the community governance perspective co-ordination through bureaucracy is joined by co-ordination through regulation, market, interest articulation and networks of trust.

Governing by regulation is of course compatible with the Weberian perspective if it is seen as government laying down and monitoring rules for private firms or individuals to follow. What the governance perspective calls attention to is regulation within the public sector. Hood and his colleagues (1998: 8–13) outline three dimensions to regulation inside government:

1. One public organization aims to shape the activities of another.
2. Oversight is at arm’s length, in that there is not a direct action or command relationship.
3. The regulator has some kind of official mandate to scrutinize the behaviour of the regulatee and to seek to change it.

Regulation within government operates, then, not through a Weberian hierarchical chain of command, although it does rely on the regulator having the authority to oversee the operation of other agencies. Their behaviour is checked through inspection, which in turn may lead to intervention ranging from advice to termination, if the organization undergoing regulation fails to meet the regulatory challenge.

A second co-ordinating mechanism is provided by the market (see Savas, 2000). The co-ordination task of achieving a complex activity is achieved through the invisible hand of appropriate incentives being provided to individuals so that their self-interested behaviour contributes to collective goals. Market or quasi-market mechanisms provide a common way of achieving the appropriate incentives. A government agency under such a mechanism retains the role of arranger but the responsibility for producing the service rests within another agency that ‘earns’ the right to do so through competition. Introducing competition is vital and requires a conscious governance strategy to create the conditions in favour of a market-like system. Options may take a wide variety of forms from the familiar contract with a private or voluntary sector producer to ‘market-like’ competition between public sector producers. The government agency achieves effective co-ordination through the specification of the service, the selection of the best producer and by monitoring and oversight of their performance. The presence of competition both keeps the performance of producers up to scratch and encourages innovation among producers as they seek to sustain or enhance their position in the market. As Hirschman (1970) has shown, it is the capacity of the purchaser or arranger of the service to ‘exit’ to another supplier that gives the market its power as a governance mechanism.

A third co-ordinating mechanism is that provided by interest articulation. By expressing concern, and taking action to change an undesired state of affairs, or achieve a desired one, then individuals can achieve collective benefits. The governance process at work here is what Hirschman calls ‘voice’:

Voice is here defined as any attempt at all to change, rather than to escape from, an objectionable state of affairs, whether through individual or collective petition to the management directly in charge, through appeal to a higher authority with the intention of forcing a change in management, or through various types of actions and protests, including those that are meant to mobilize public opinion. (Hirschman, 1970: 30)
Voice requires the expression of an interest and then a process of adjustment between interests leading to a new compromise. In contrast to the public apathy assumed as part of the Weberian model the voice mechanism recognizes the role that active political participation can play in determining state action, priorities and forms of service provision.

A fourth governance mechanism can be identified. It is labelled as ‘loyalty’ by Hirschman (1970). Loyalty is a problematic term and its use by Hirschman has come in for some criticism (Barry, 1974; Birch, 1975; Laver, 1976). Reading Hirschman carefully it is clear that his concern with loyalty is not with the political behaviour of the committed activist or that of the follower who has blind faith but rather with behaviour driven by a willingness to give an organization or an individual the benefit of the doubt. In short it is what might better be termed as trust. Its effectiveness in the realm of governance is explained by Fukuyama (1999: 16, 49):

If members of the group come to expect that others will behave reliably and honestly, then they will come to trust one another. Trust is like a lubricant that makes the running of any group or organisation more efficient … If people can be counted on to keep commitments, honor norms of reciprocity and avoid opportunistic behaviour, then groups will form more readily, and those that do form will be able to achieve common purposes more efficiently.

Trust helps to bind actors together and in doing so ‘solves’ collective action problems.

The governance perspective offers an alternative organizing framework to that of the Weberian world view. Complex tasks of co-operation do not necessarily always require the imposition of a hierarchical chain of command in an integrated organization. There are other options: regulation at arm’s length, contracting through the market, responding to interest articulation and developing bonds of loyalty or trust. Recognition of this wider array of governance mechanism enables the processes of networked community governance to be better understood.

Conclusions

Networked community governance is the end goal. It marks a break from traditional public administration and New Public Management in its vision of the role of local government and its understanding of the context
for governing and the core processes of governance. However, it is a vision that has not yet been realized. Not only is there much evidence of the continuing impact of traditional local government forms and thinking, so too New Public Management approaches have had a major impact and continue to drive some reforms. To repeat the focus of this book is on a period of transition. This chapter has merely sought to establish some elements of the direction of travel and the potential dominant local government form of the future. As the subsequent chapters will show, the road of reform has been neither straightforward nor easily travelled.
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