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School of Architecture, Planning & Landscape
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Electronic Working Paper No 13

PERCEPTIONS OF CITY CHALLENGE
POLICY PROCESSES
THE NEWCASTLE CASE

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PREFACE

This study originated as part of the work undertaken by a team at Newcastle University, Department of Town and Country Planning in 1991/2 funded by the City Action Team. This aimed to provide a base line for monitoring and evaluating the achievements of the City Challenge programme as it evolved. The main part of this study involved the preparation of a statement on conditions in the area of the West End and people's perceptions of them. This was produced as a report in 1992 (Healey et al 1992). A supplementary part involved interviews with 'key players' in the processes surrounding the initial bidding, the setting up and early stages of the Newcastle City challenge programme. We saw this as important, as the government's early ideas on City Challenge had emphasised its role as a 'process catalyst', introducing new ways of working through a three-way partnership.

As we were undertaking initial work on the interview material, we also became involved in monitoring work for North Tyneside Metropolitan Borough Council. This helped us see some of the issues more clearly, as it highlighted the differences between two City Challenge experiences. We also sought out additional information on aspects of the background to the Newcastle City Challenge process and have been able to observe the way the processes in Newcastle have begun to evolve. In 1993, we wrote a comparative paper on the processes in the two programmes. This was circulated among several of the most closely involved in them, as well as to academic colleagues. In this, we developed a framework for assessing the dynamics of processes of community partnership and developed our interpretations of the two cases (Davoudi and Healey 1994).

We have now drawn our interview interpretation together, along with other material and experience which has been available to us. This report acts as a 'baseline' against which the key players of today and the future can judge how the processes they have been involved in have evolved. It also provides a window on the dynamic situation, in which both the programme itself and its context are shifting in emphasis and institutional relationships. It would be of great interest to undertake repeat interviews in 1997 to assess how process dynamics have changed and the role of the City Challenge programme in producing changes identified.

We are very conscious that individual players still have a deep interest in many of the matters discussed. Those we interviewed also made criticisms of each other and of the processes they were involved in, which we have recorded. We have nevertheless attempted to present the material as tactfully as possible, and have respected any requests about confidentiality which those we talked to made. We hope that the result will be of interest to those involved in this case, and to all those interested in bringing communities more actively into the processes of governance in British cities.

Finally, we should like to express our thanks to all those who spent time with us when interviewed, and all those who at various times have commented on our interpretations. Such interactive learning of course is a key dimension of the processes the City Challenge programmes aim to achieve.

INTRODUCTION

In the first part of 1992, a research team in Newcastle University undertook a study funded by the City Action Team which aimed to provide a baseline for monitoring and evaluating the achievements of the Newcastle's West End City Challenge initiative as it progresses (Healey et al,1992).

As part of that study a series of interviews with the "key players" in the City Challenge processes was also conducted in Spring-Summer 1992 by the research team. The purpose of the interview survey was to gain their views on different aspects of the initiatives and in particular the policy processes emerging in the early days of Newcastle City Challenge. A semi-structured interview schedule consisting of the following areas was adopted:

   * Background of the interviewees
   * Their involvement in City Challenge
   * Impact of their involvement in City Challenge
   * Their views on the objectives of City Challenge
   * Their views on City Challenge in Newcastle in relation to previous urban
initiatives
   * Their expectations of City Challenge

Among the interviewees (Appendix 2) were a) those who were involved in the City Challenge formal arena such as the members of the West End Board, the Employment and Enterprise Forum, the Community Forum, the City Council's City Challenge Sub-Committee, the Officers Working Group; and b) those who had links to City Challenge particularly in the initial stages such as representatives from the Newcastle Initiative (TNI), the Tyne and Wear Development Corporation (TWDC), the Tyneside Training and Enterprise Council (TTEC), the Department of the Environment (DoE), the City Action Team (CAT), the Inner City Forum (ICF), and other voluntary organizations.

This paper presents the findings of the above study. It also draws upon material acquired through our various involvements in urban policy in Tyneside including work undertaken for Tyneside TEC (Davoudi, 1993), senior student projects on City Challenge, and participant observation through membership of local boards.

THE CHALLENGE OF THE CITY CHALLENGE INITIATIVE

The announcement of the second round of City Challenge by Michael Howard, the Secretary of State for the Environment, on 16th July 1992 was accompanied by strong speculation which suggested it could also herald the end of the scheme launched in May 1991 by his predecessor, Michael Heseltine. The running down of the Urban Programme which was top-sliced to finance the City Challenge initiative and the abandonment of the third round planned to begin in 1994/95 have brought the continuation of the initiative even more in question. Nevertheless, in spite of its short life (assuming there may never be a third round) and its limited resources (£37 m over five years for each challenge authority) City Challenge represents a significant stage in the development of UK urban policy.

Although it links back to themes which have run through a number of central government inner city programmes, particularly the comprehensive agenda of the urban policies of the late 1970s, it brings together two significant elements for the

first time. The first one is the incorporation of inner city residents into the mainstream of urban life; and the second one is the development of policy processes that empower local residents. City Challenge represents a move away from the centralised, private sector property-led, and "trickle-down" urban policy approaches of the 1980s, towards the locally-based, publicly-led, and socially oriented approaches of the 1970s. At the same time it introduced a different institutional mechanism for delivery, and management of the regeneration schemes: the three-way partnership. The Government Guidance stresses the need for City Challenge programmes to:

"*involve practical partnership between local authorities and businesses, the voluntary sector, local communities, the Training and Enterprise Councils, local universities,... and other statutory agencies*" (May 1991, para 1.5).

The initiative seeks a partnership whose influence reaches all policy areas from strategy and programme formulation to project management and delivery.

Thus, City Challenge processes and its institutional structure and capacity are as critical to the initiative as its outcomes, particularly given the small amount of funding involved and the fact that it has been allocated on the basis of competition rather than need. City Challenge programmes can be seen as catalysts, developing mechanism which could spread to the whole local authority area. This could compensate for the concentration of the resources in particular areas, which are not necessarily the most needy. Those involved in the initiative (De Groot, 1992) are appreciating the merit in this strategy, but are concerned with the difficulties facing the development of such institutional mechanism and its capacity to offer "rapid and flexible delivery". Most of such difficulties emerge from the contradictions embodied in the initiative, for example:

- the delicate work of building up community and business trust is threatened by the speed and national profiling of the initiative

- there is tension between building up collaborative networks and the competitive form of the initiative both between authorities and within the City Challenge areas.

A further and perhaps the most important contextual problem is the impact of the economic recession and the cut backs in local authority resources which are weakening the ability of both public and private sector to devote time or contribute resources to community development. Economic recession also affects the availability of jobs for local communities. It is within this context that City Challenge efforts have to be justified as useful in themselves (building up community capacity and confidence per se), rather than as an instrumental strategy to get local people into jobs.

THE THREE WAY PARTNERSHIP

15 authorities, from the 57 with urban programme status, were invited to bid in the first round City Challenge competition in July 1991. Local authorities were given a *"leadership role to set up structures which were designed to deliver the necessary output"*. (DoE, May 1991). Their first task was to prepare a bid in a period of less than two months. In doing so, a new structure consisting of members of the community and the business sector had to be set up. To win the bidding competition the local authorities had to convince the DoE that they were able to create and implement an effective three-way partnership. While the previously experienced idea

of pooling the resources of public and private sectors to solve the inner city problems is still on the agenda of the City Challenge partnership, the main emphasis is on building up and transforming institutional capacity. While giving the key initiating role to local authorities, the government's objective is to transform local government processes to both a more market-like model (continuing the theme of the 1980s) and at the same time a more people-oriented model. The June 1991 Guidance advised the bid preparers to:

> *"devise vehicles which satisfy the requirement for accountability while facilitating an entrepreneurial approach by local boards and staff".*

Given current local government restructuring, the fragmentation of responsibilities for local governance, and the economic recession, this is an extremely ambitious aim (Davoudi and Healey, 1993). Inevitably, as the programme has developed its ambitions have been reduced to a more manageable proportions, focusing more narrowly on quantitative measurement of material output rather than qualitative changes. This has caused a tension between the objectives of the initiative and the Central Government's mode of control. The continuation of the City Challenge funds depends on the authorities performance which is to be judged against output targets such as jobs and training places provided, stock built and refurbished, and trees planted rather than changes relating to building up the links in routes to jobs, or transforming institutional capacity, or empowering the local community.

Yet, the initiative provides opportunities to the strategically perceptive local authorities to
> *"turn the transformatory pressures to their own advantage, establishing an active strategic role, rather than letting the partnership process contribute to other pressures for increasing internal fragmentation and secrecy"* (Mackintosh, 1992).

The long-term economic opportunities and social harmony of individual urban areas depends to a large extent on local authorities prefiguring further ways of working with business and community sectors.

This paper comments on the evolving institutional processes within City Challenge as a key dimension for the evaluation of the initiative. It comments on the processes emerging in the early days of Newcastle City Challenge with an attempt to address the following issues:

> **what policy process forms are developing in relation to the delivery of urban policy initiatives as these affect areas of concentrated disadvantage;**

> **how far do these represent a new form of urban governance, and if so, in what way;**

> **and finally, is the three-way partnership, introduced by the City Challenge, a sustainable institutional mechanism capable of extending into the wider local authority arena, or is it merely a temporary gesture to obtain what funding there is?**

We focus mainly on two arenas of interaction, the preparation of agenda of projects in the programme, i.e. the bid and action plan, and the evolution of the formal structure of partnership, the board.

NEWCASTLE'S WEST END

The West End of Newcastle is a large area stretching three miles along the northern bank of the River Tyne from the western edge of the city centre to the recently constructed A1 Western By-pass (see map). It covers 580 hectares with about 35,000 population, including the wards of Benwell, Elswick, West City, Scotswood and Moorside.

The West End has been an area of concentrated disadvantage for a long period of time, and hence, has been the location of several regeneration schemes. It experienced a major urban renewal work in the 1960s, and saw a shift from redevelopment to renovation in the late 1960s. In the early 1970s, Benwell was the site of one of the nationally-funded Community Development Programme. Many of those involved in the previous programmes are still associated with the area in various forms. In the late 1970s, it was part of the Newcastle-Gateshead Inner City Partnership funded under the government's Urban Programme. This led to the creation of the Priority Area Teams which are still in existence.

As a result of this history and the links with residents over housing projects during the 1970s and the 1980s, the area is relatively rich in networks linking the City Council to community development activity. There were also groups which had evolved within the neighbourhoods to make demands on the City Council and other agencies, notably the Scotswood Area Strategy Group. In Scotswood, prior to City Challenge, experiments were underway in partnership between residents and the Council in which the community was developing a powerful voice. This could be seen as one precursor of the possibilities the City Challenge programme was to release.

The second precursor was an initiative fostered by the business community. In the 1980s, The Newcastle Initiative, which was the first business leadership team sponsored by the Business In The Community initiative undertook a community development programme in one of the neighbourhoods, Cruddas Park. Relation between the local authority and the business community had been pragmatic and reasonably comfortable over the years. The City Council had worked in partnership with private sector on a number of projects, notably a large city centre retail mall, Eldon Square. TNI provided a new arena for articulating business interests and relations with the community.

In principle, therefore, the Newcastle West End had the organisational elements for the kind of three-way partnership envisaged by government. In addition, the Council had a well-established capability to mobilize to respond to new opportunities created by government policy initiatives.

However, despite all these policy initiatives, the West End is still among the most deprived areas of Newcastle. All five City Challenge wards are in the top nine electoral wards in the Tyne and Wear County ranked for unemployment. Between them they have the ward with the highest overall unemployed rate (West City), the highest percentage of long term unemployed (Scotswood), and the highest percentage of youth unemployment (Elswick) (Tyne and Wear Research and Intelligence Unit, 1992). The area has a population of ethnic minorities which is larger than the City average; about twice the city average proportion of single parent households, twice the national average crime rate (in some parts of the area); and a high level of voids, abandonments and vandalism in the housing stock. The appalling conditions in the area attracted national attention after the riot of August 1991 (For a vivid account of social conditions in the Newcastle West End, see *The Independent* 24.2.93 and Campbell, 1993).

Apart from the eastern end of the Challenge Area which has a mixture of residential, commercial, and cultural uses with some development potential, the rest of the area is dominated by various types of housing. At the eastern end, the fringes of the City Centre include Theatre village and Chinatown where a joint public/private company, The Westgate Trust, is working to rejuvenate the area. Moving westwards, the area is a patchwork of pre-1919 terraced housing and varied types of post-war housing which replaced the steeply sloping, tightly-packed Victorian terraces. Further west, towards the boundary of the area, are the large Scotswood housing estates of inter-war council stock where the voids and abandonments are concentrated.

Employment in the past has been primarily in the industries alongside the river particularly the large armament factory, Vickers. Vickers is still one of the major employers in the area but only a small proportion of its employees are from the City Challenge area. Similarly, the recent employment opportunities created by the TWDC's Business Park development in the southern edge of the Challenge Area have not been taken up by the West End population.

SELECTION OF THE AREA

Although the West End of Newcastle is an obvious example of an area suffering from long term deprivation, it is not the only one in the city which is in desperate need of regeneration. The Newcastle's East End, which subsequently became a looser in the second round of the City Challenge bidding, is also suffering from similar problems. So why was the West End chosen? What were the influential factors in selection of the area? How were the boundaries drawn? Who was involved in the selection process? And, finally, was it an appropriate choice and from what point of view?

The following account seeks to address these issues as the key players saw them.

The West End area has been identified by the DoE/CAT prior to the announcement of the City Challenge as a potential location for a policy initiative which would focus on "areas of special deprivation". Later, a combination of such areas and those with development potential became the focus of the City Challenge initiative. With some minor changes to the boundary, the area originally identified by the DoE was, then, selected for City Challenge funding.

Nevertheless, drawing the exact boundaries of the area raised considerable discussion and, in some cases, conflicting ideas among those involved in the selection process. The main players at that stage include the DoE/CAT, members of the City Council and particularly the leader of the Council, some of the senior officers, and TNI. The TWDC Chief Executive was also consulted.

All interviewees considered the West End as an appropriate choice with the exception of the Inner City Forum who felt the choice was "*opportunistic*". They feared that City Challenge would probably "*suck away initiatives from the rest of the city*". Despite the consensus about the appropriateness of the choice the perceptions about the logic behind it vary considerably.

Some argued that selection of the West End was based on *political reasons*, i.e. it was a response to the social disturbance of August 1991 which had attracted national attention. *Acute social problems* were considered by a second group to be the main reason for selection of the area. They argued that "*the problems of the West End have been building up in recent years*". The level of desperate need and deprivation in the area is much higher than the rest of the city. So the West End was "*worst first choice*".

A third group were of the opinion that *existing community networks* formed the logic behind the selection of the area. They said "*the West End have a myriad of self help and community groups which do not exist in an alternative location such as the east of the City*".

Finally, some interviewees argued that the existing local authorities and private sector *commitments in the area* (for example, the Regional DoE bid initiative in China Town and Theatre Village, the involvement of the TNI in Cruddas Park, and other City Council's initiatives) had influenced the selection of the West End.

During the selection process, the discussions were mainly about the size of the area and the inclusion or exclusion of certain communities and certain development opportunities. While some argued that the area was too large, lacks cohesion and homogeneity and, therefore, difficult to focus; others were of the opinion that a smaller area would be too small and fragmented. There were also some criticisms about the area being "*rather too long and narrow, containing several discrete communities*".

Thus, the main issue was the balance between the need for *targeting* and the need for taking a *strategic* overview. Eventually, the boundaries were drawn "*not only where problems are but also where some of the answers (ie development opportunities) are*". However, such opportunities are rare in the City Challenge area and are concentrated in the Theatre Village area, while one of the main development sites, Newburn Haugh close to the western side of the area, was excluded from the initiative.

Inclusion of the Theatre Village area was strongly encouraged by TNI, as it was seen as the main commercial development opportunity within the City Challenge area. At the same time TNI had opposed to the inclusion of Arthur's Hill on the ground that,

"*it lacks development opportunities, except for housing, and it is a very difficult area to tackle because of its large number of ethnic minority population*". Similarly CAT was of the opinion that "*the ethnic area ie Arthur's Hill, could be better as outreach*".

However, Arthur's Hill was eventually included in the area as a result of the City Council's Social Services Department's successful argument in favour of the black community.

Although the evidence provided by the interviews are not sufficient to achieve a strong conclusion with regard to the issues raised above, the process of selecting the area could be described as a political negotiation to satisfy the key players at that time rather than systematic assessment of the relative priorities of the various alternatives. Within this process it seems that the DoE and the City Council played controlling roles.

BID PREPARATION PROCESS

(June-July 1991)

As in the other pace-maker authorities, Newcastle City Council was given a leading role to prepare a bid in a period of less than two months between June and July 1991. To win the bidding competition they had both to demonstrate leverage of private sector funds and propose a mechanism for managing and delivering the programme at arms length from the local authority. However, as is discussed below, at bid preparation stage the City Council remained the dominant player while the other parties were at best consulted and at worst not informed. This was partly because of the time constraint. It also arose from the City Council's approach.

A City Challenge sub-committee was set up chaired by the Leader of the Council who subsequently became the chairman of the West End Board. The members of the Council and in particular the Leader were heavily involved in selection of the area, prioritizing the projects, and identifying the potential board members.

The Development Department of the City Council became responsible for bid preparation. This had been newly formed as a merger between the Economic Development Department and the Planning Department. The choice was made on the basis of the relevance of the Department's function and City Challenge projects as well as the individual personality and previous experience of its director. A large number of the City Challenge projects are development-based involving land, property, planning permission, and environmental improvement. Therefore, they could all fit within the remit of the Development Department. Secondly, the Director's ability to meet the requirement for "*corporate co-ordination*" in the management of the City Challenge was known to the Chief Executive for whom he used to work.

The Development Department, then, set up an Officer Working Group (OWG) consisting of senior officers from various departments as well as representatives from the Department of Employment, the DoE, the CAT and the Tyneside TEC. Within the Working Group, the level of input by various departments varied considerably, with the Economic Development Unit (which is part of the Development Department) and Housing Department making major contributions. The Social Services Department was also actively involved, although concentrating on the development of their own proposals for inclusion in the bid. The Education Department had a very limited contribution despite their central role in improving educational attainment in the West End. Lack of resources was mentioned as the main reason for the lack of a proactive representation. At the time when City Challenge was launched, the Education Department was going through a substantial budget reduction. Ironically, it was the Community Education Services which were affected most severely by the cut backs which included a number of staff redundancies.

Another distinction to be made between the various departments relates to the way they handled their proposals for inclusion in the bid. One example mentioned in the interviews is the way the Social Services Department came up with *"endless shopping lists of schemes"* without identifying their strategy and priorities. They also made a lot of publicity and hence raised a lot of expectations which could not be met. *"That part of the programme is in such a mess in implementation terms because of historical reasons"* (officer's interview, May 1992). It should be noted that, the Social Services may have been trying to shift the agenda towards more community development schemes. This did not seem to be acceptable by the bid preparers and hence was criticised.

The Housing Department who had the lion's share of the capital fund seemed to perform well, coming up with a balanced programme focusing on expansion of the tenure range in the area. Many of the Housing Associations' ideas have been used to shape the programme. The Housing Department also succeeded in involving a greater number of people in the process by taking advantage of existing consultative structures in the housing field, such as Area Housing Committees and neighbourhood meetings.

However, Housing officers failed to address some of the issues which came out of this consultation process. One example was the prevalent view among local people that ineffective and poor management contributed as much to the decline of the West End estates as the lack of capital improvement. This was later addressed when the DoE highlighted the issue in their response to the draft action plans.

The competitive element of the City Challenge created an internal network (i.e. the OWG) within the City and increased the corporate working within the council. As one of the interviewees put it,

"*in the early days, there were signs of a real shake up; with local authority officers getting dragged out of their trenches*" (interview, 1992).

However, despite the fact that there had been signs of coordination across departments, officers were still fighting for their own departmental interests.

To have a targeted geographical approach, the internal structure of the authority needed to be reorganized away from departmental lines. The OWG could have been acted as a specific task force carrying out the City Challenge programme exclusively (eg Middlesborough). This could have avoided the risk of departmental priorities getting in the way of the development of a coherent set of City Challenge priorities. The formation of such a management structure was particularly needed in Newcastle City which, according to one of the interviewees, has remained a "*local authority with a weak centre and strong service departments, a non-corporate authority*".

However, the pressure created by competition forced people to work in some degree of cooperation. It also improved and speeded up lines of communication between the Council officers and the DoE Regional Office. Major advances in the development of collaborative working happened in the Health field, (community care and preventative crime), Education (especially services for under 8s), Leisure Services and Housing Departments. Such interdepartmental collaboration, however, did not occur between the central government departments, for example, between the DHSS, the Home Office, the Department of Transport, etc.

The OWG provided an arena with departmental representatives. But there was no time to discuss the strategy. So, they mainly proceeded with projects which had already been identified. From the local authority's point of view, City Challenge was another source of funding, so it presented opportunities to have funding for schemes that they had in their "*back pocket*" for some time. Consequently, the bid contains quite a few "*bottom drawer*" projects. Some projects were "*obvious*" and were deliberately included such as Theatre Village Project, whilst some were deliberately excluded. Cruddas Park was included as a "*good example"* and because the CAT thought it was *"good to have it in pace-maker authority"*. At the same time they discouraged the inclusion of the "*ethnic area"*.

Some projects were not thought over properly, for instance the Redewood School relocation project was "*half an idea"* which came out of a brainstorming session without proper scrutiny. The Education Department bid a project to build a new school, linked to multiple community services, to replace Redewood School, which is located on the margins of the area. It was assumed that the Department of Education

and Science (DES) would support the project. A few months after Action Plan approval the project had to be dropped as the DES did not support it.

There was a lot of criticism about the process of bid preparation, which partly stemmed from the way the City Challenge Initiative came about. The timescale was far too short (less than two months) to consult widely. The initiative was surrounded by a lot of political expediency. As one of the officers put it, *"up to the last moment, still crazy instructions came out of the DoE but no real advice"*. The format that they had to follow was untested and was too theoretically based on the consultant's advice.

Eventually, the officers responded to the bidding process in the same way as they used to do for Urban Programme or any other funding. They adopted a top-down approach which to a large extent inhibited community involvement. The ideas were mainly originated by the officers who, then, tended to go out and seek outside support. This enabled the DoE's timescale to be met. But it did little to acknowledge a shift to community empowerment. Insufficient time and inadequate mechanisms hindered the opportunity to organise satisfactory consultations before the inclusion of the proposals in the bid. This led to some cynicism within the community who considered the process as an imposition of the local authority agenda and the "*pet schemes*" of the officers and councillors on the area.

At the same time, the publicity surrounding the City Challenge initiative led to hundreds of bids being submitted which could not possibly all be accommodated in the bid document. Therefore, a lot of people having had their expectations raised had to be disappointed. They felt hostile to City Challenge because their schemes were not part of the programme. This hostility to some extent is melting away as people realise that there is scope for new bids.

The speed of the original bid was seen by some as "*destructive*", inhibiting the development of new or effective relationships. The timescale pressurised the agencies involved and made it difficult for them to consult their own staff and to discuss ideas effectively. Most importantly, the rapidity of the bid and programme development made the community feel powerless. It was difficult for the community to respond effectively to rapid requests for comments on complex and lengthy reports. As one of the interviewees suggested, *"it took time for the community to get to grips with what City Challenge was about"* and to be able to understand the processes and procedures as well as the concepts.

Nevertheless, the community played a more active role in bid preparation process than the business sector. This is particularly true if the comparison is made between the well-established communities such as Scotswood and the small, medium-sized firms in the area. The latter had a very marginal impact as compared with some of the major players such as TNI and the Newcastle Breweries who had a vested interest in the area and had an influential role in the City Challenge process.

In response to the City Council's consultations, the community approach was to focus on what community benefits could be achieved from various schemes and how these could be maximised. At the same time, the more active communities could manage to include some of their own schemes, or as one of the interviewees put it *"their wish-list"*, in the bid document. The voluntary sector was mainly mobilized by the Inner City Forum to come up with schemes. These were then collected and written by the ICF and, subsequently, amended by local authority for inclusion in the bid document.

Some of the other players at this stage included the Employment Service, the Tyneside TEC, the TWDC, the CAT and the DoE. The DoE had been playing a major role in the City Challenge processes as funder both of the programme as a whole and in the approval of specific projects. The link between the DoE and local authority was mainly through the DoE Regional Office who were acting both as an

advisory body providing assistance to the local authorities in the bid preparation process and making a contribution in the selection of the winning authorities. Therefore, they had to change role from supporters to adjudicators during the process.

The bid preparation process was handled in a hectic manner particularly for the first round. *"The rules were written for the local authorities as they went along"* (Interview, 1992) . As DeGroot (1992) suggests,

> *"the first round bid were undertaken in 6 weeks from the first announcement of the scheme. At this point none of procedures for allocating the DoE resources and the mechanisms for operating the system had been produced".*

Overall, the timescale for submission of the bid, the inadequate information, the delays in provision of guidelines, and the lack of coordination between the government's departments had a detrimental impact on both the content of the bid and the way it was arrived at.

The Employment Service were involved in redrafting part of the bid to include more on jobs as well as training. The TWDC offered to work as a team with the City council and had many ideas regarding neighbourhood improvement, giving new identity to the area, and a new sense of purpose to the community. Yet they concluded that they had had "*no influence at all"*. However, they argued that they *"helped to alter the culture"* within the city.

Overall, it can be concluded that the local authority dominated the process and procedure of the bid preparation as well as its content (see list of main projects in the Bid).

THE ACTION PLAN PREPARATION PROCESS

(October-December 1991)

Having won the bid competition, Newcastle City like the other ten successful authorities was invited to provide their detailed Action Plan which needed the DoE approval before the funding for implementation would be released. Again, the local authorities were given the lead role to prepare the plans in a very short period of time (4-5 months).

The approach adopted by the City Council at this stage was very much similar to the one adopted for bid preparation both in relation to the content of the documents and the way it was arrived at, (i.e the process). Towards the latter part of the process, the City Challenge structure started to get shaped in the form of the 'shadow' Board and the Forums. But, by the time the City Challenge structure was in place, the Action Plan programmes had already been put together by the same players who produced the bid, and in the same way.

In October 1991, at a Shadow Board Meeting, the Chairman (who is also the Leader of the City Council) stated that,

> *"because of the short time scale it was expected that Council-led schemes would predominate in the first year programme. Housing schemes would play a major part in the programme and the Housing Department would consult on their schemes <u>in the usual manner</u> with the tenants"* (Minutes of the meeting 2nd October 1991, our emphasis).

However, the 'usual manner' was later challenged by the community representatives on the Board.

The winning pace-makers were announced by the DoE in August 1991. In Newcastle, the Officers Working Group carried out the   development of the Bid, which sought to provide a holistic plan for the area, into the Action Plan, which was about how to deliver this. To make the task manageable particularly in a short period of time, the issues were broken down and compartmentalized. This approach is hardly compatible with the notion of fully integrated programme of social, economic and environmental improvement. The result, as one of the officers put it, was that the programme was "*sum of the parts*". Under the pressure to develop a programme in a short period of time, various City Council projects were put together without adequate thought being given to the strategies. Some of the assumptions in the Action Plan, particularly those related to property development and investment, seemed to be *"naive and over-optimistic"*, as explained by one of the members of the Property Advisory Group of the City Challenge. The speed with which the Action Plan was put together meant that some of the outputs were really "*thin air*". The figures were *"dreamed up"*. This, in particular, has led to further tension between the DoE's "*hands off, output driven*" approach and the evaluation of realistic targets which makes interactions inevitable.

In addition to the time constraint, the programme was denied the potential benefit that it would have gained by more effective involvement of the private sector. The business community could have brought in its expertise about how to scrutinize projects to achieve the best value-for-money. But the projects and programmes were mainly ideas from the local authority not business. Therefore, as one of the officers argued,

"*they are now paying the price for the rapidity of the formulation of the bid and the programme. The private sector was not really involved and there is a lack of commitment to it from their side"* (interview, May 1992).

Further, the shortage of time and the City Council top-down approach affected the consultation process on the draft proposals for Action Plan.

In October 1991, at the Shadow Board meeting the Chairman explained that,

"*in the first year the time available to prepare the programme was very limited and consultation would necessarily be more limited than would otherwise be desirable".* He also added that,
"*it would be necessary to use mechanisms already in place for consultation on this year's programme, because of the short timescale. Priority Area Sub-Committee were likely to play an important part in this. Very few of the community organizations covered whole wards and it would not be possible to consult directly with all the groups in the area. If possible, the programme could be discussed at the Community and Enterprise Forums (*which were just proposed to be set up) *before approval but this would depend on the time available"* (Minutes of meeting 2nd October 1991, our emphasis).

The draft Action Plan was published in November 1991 when the City Challenge structure was not yet in place. The establishment of the Forums had only been proposed and the Shadow Board had only had one meeting, (2 October 1991) composed of six councillors, one private sector member, three community sector members, and three voluntary sector members. Therefore, as with bid preparation, the procedures and processes of the Action Plan formulation as well as its content, were dominated by the City Council, and apart from a few exceptions with little influence from other 'partners'. Among the exceptions was the Scotswood Area

Strategy Group who, prior to City Challenge, had evolved within the neighbourhood and had an established organisational structure and strategy.

Forums

In order to provide linkages with the wider community and the business sector, three forums were set up including an Employment and Enterprise Forum (EEF), a Training Forum, and a Community Forum.

In the October 1991 Shadow Board meeting the Chairman suggested that,

> *"the private sector could set up an Enterprise Forum, the TNI could take a lead on that and the community sector should set up some type of Community Forum which could possibly be based on the steering group which the Inner City Forum were setting up to inform their Board representatives".* (Minutes of meeting 2 October 1991).

A Training Forum was also proposed which would be led by the TEC. Therefore, whilst TNI, ICF and TEC were all involved in the process from the beginning, the establishment of the Forums to provide linkages with wider communities was proposed towards the end of the process of Action Plan preparation. The first reports back from Forums were as late as March 1992 when the Action Plan had already been approved.

The EEF was established to provide links with the business sector. It consisted of the representatives of several organizations including: ENTRUST, Tyneside TEC, TWDC, and the Employment Service, and was chaired by TNI. From the local authority's point of view, TNI was selected to chair the EEF mainly for *"presentational (possibly to the DoE) and practical"* reasons. Therefore, TNI provided secretarial and administrative support, whilst the City Council and in particular the Business Development Unit originated the Forum, its objectives, and its employment strategies, and steered the group.

The Training Forum, which was chaired by the Tyneside TEC, was merged with EEF, a few months later. The resulting forum is called the Employment and Training Forum and is chaired by TNI.

The Community Forum consisted mainly of the same people who represented the community on the Board (see below), and it was serviced and chaired by the ICF.

CITY CHALLENGE STRUCTURE

LINKAGES WITH COMMUNITY AND BUSINESS SECTORS

Given the amount of time available, the City Council along with many other Challenge authorities decided to take a shortcut approach to establishing links with the private and community sector. Therefore, the process of networking was primarily structured around the existing "umbrella" organizations and their own extant networks. These include The Newcastle Initiative, as regards linkages with the private sector, and the well established organisations such as the Racial Equality Council (REC), the Newcastle Tenant Federation (NTF), and more importantly the Inner City Forum (ICF), as regards linkages with the voluntary sector.

TNI was established in 1988 as the first business leadership team sponsored by the CBI. Its Board of Directors are from the top end of the business community with some from public sector whose role is to identify projects for TNI to become involved in. It was at the time chaired by the Regional Director of Barclays Bank who is also a board member of the TWDC and became a board member of the West End City Challenge.   TNI's involvement in the Challenge area through its Cruddas Park Scheme, and Theatre Village/China Town Development initiative, strengthened its position in the process.

TNI performed a dual function for the City Challenge programme. It helped to set up linkages and build up the structure, as well as contributing to the development and preparation of the bid and to some extent the Action Plan. As regards the former, TNI had a significant role in nomination of the board members particularly those representing the private sector. It was also involved in nomination for the City Challenge Director.

TNI's contribution to the Action Plan preparation was through prioritising the schemes which were put forward to be included in the Plan. TNI and, in particular, its then Chief Executive, had the responsibility for selecting among some 100 schemes of which less than 10 per cent were eventually included in the Plan (interview, 1992).

The ICF was established in 1980 in response to the Urban Programme by the Council for Voluntary Service (CVS) as "*an arm's length organisation*" comprising of professional voluntary workers. They played a significant role in the early stages of the City Challenge process by collecting and developing the voluntary sector's contribution to the bid. Although they were represented on the Shadow Board, they argued that many of their recommendations about Action Plans and community involvement were "*ignored*".

The two other voluntary organisations who were involved in the process from the beginning are the Newcastle Tenant Federation and the Racial Equality Council. Both were established in the 1970s and both are represented on the Board. Their main contribution at the start of the process was "*organizing the community participation side of the City Challenge*" which means informing the community about "*what City Challenge is about, where the money would be spent, and what are the limitations*" (interview, 1992).

However, the short cut approach to setting up linkages with other sectors had the disadvantage of missing out those sections of the residential and business community who were not necessarily represented by the 'umbrella' organisations. For example, some of the major employers in the area, particularly those who had just moved to the adjacent Business Park, did not have an established link with TNI and, somehow, were left out of the process. For some companies such as Vickers Defence Systems, their first contact with the City Challenge was when they were formally invited to the board meeting, almost six months after the bid was approved by the DoE.

Involving the new employers at an early stage was particularly encouraged by the Chief Executive of the TWDC and was, eventually, acknowledged by the Chairman of the West End Board (ie leader of the Council) who suggested that,
>   "*further private sector representatives could be added to the membership of the Forum (EEF), for example the Business Park, the Chambers of Commerce, and the City Centre Traders*" (Minutes of the Board Meeting, 27 March 1992).

Another example which was mentioned by a number of interviewees was the poor representation of the ethnic communities who are not necessarily covered by the REC. This is particularly true in relation to black women and black youth. One of the main criticism of the City Challenge process which emerged through the course of interviews was the unequal representation of different communities within the area.

The West End of Newcastle is a large area with some 35,000 population who identify themselves with discrete communities within the area; each with different needs, interests, and aspirations and each with different levels of community organizations. Thus, since the process of networking with community sectors took place through established relationships, those with pre-existing links became actively involved in the City Challenge process from the beginning whilst others were left out or became marginally involved.

Among the former was Scotswood Area Strategy (SAS) which evolved out of Scotswood Community Project in 1989 in response to a rapid decline in the Scotswood area manifested particularly in the increasing level of theft, vandalism, harassment and void stock. In 1992, out of 2,300 houses in Lower Scotswood and Lower Ferguson's Lane area over 475 were vacant and boarded up compared with 75 dwellings in 1988. SAS became involved in the process even prior to the announcement of the City Challenge. As mentioned before, the area had been identified as one of the most deprived areas in the City which was put even higher on the agenda as a result of the 1991 riot.

As one of the interviewees put it,

> "*Scotswood has had a significant input, mainly because it has the luxury of two neighbourhood community workers, an economic development worker, two youth workers and many others working with the tenant groups. That structure was pre existing and in place prior to City Challenge. Also, the Scotswood tenants had been working on the Scotswood Strategy 18 months prior to the City Challenge*".

They already had a well defined structure and strategy and a clear agenda. They soon became the dominant community organization in the West End and were strongly represented on the Board and the forums. They had a significant impact on the content of the Bid and the Action Plan and managed to include their proposals within the City Challenge programme.

By contrast, Cruddas Park neighbourhood whose residents had two years of community development experience prior to the establishment of City Challenge did not come forward to express their demands and were relatively slow in trying to access some of the available resources. Other areas who had little in the way of community work resources also played a minor role particularly in the early stages of the bid preparation and Action Plan formulation and hence attracted low levels of funding. These communities either became marginally involved in the City Challenge process (eg Benwell) or were left out all together (eg Elswick). According to one of the interviewees, some areas in the West End tended to feel quite isolated and ill-informed, and poorly represented on the Board. The community in these areas *"has not had any real impact at all"*.

THE SHADOW BOARD

During the Action Plan preparation a 'Shadow Board' started to get shaped. The Draft Plan was published in November 1992 and by December that year the Shadow Board with equal representation from all three sectors was in place and met for the second time.

In setting up the structure of the City Challenge, a top-down approach was adopted. The Board members "*were hand-picked"* by the City Council on the basis of the previous relationship. Therefore, there is often an absence of a representative structure below the individual members. In October 1991 Shadow Board meeting the Chairman explained that,

"there had not been time to go through a democratic process for the election of representatives on the Board on this occasion and the people on the Board had been invited by the City Council rather than elected. The membership could be changed once structures were in place for the community and private sector to reflect their own representatives" (Minutes of the meeting, October 1991).

However, such a democratic process never took place and the nominations for the West End Board were also put forward by the City Council with advice from TNI as regards private sector membership and the ICF as regards the community membership. As one of the interviewees put it, "*the same old faces*" appeared on the Board and the forums.

The need to broaden the representational basis of the Board members and address the issues of accountability was a matter of concern particularly for the community representatives. In the Shadow Board meeting,

"*concern was raised* (by the community representatives) *that they would be vulnerable in the sense that they would be responsible to the community for the decisions and actions of the Board. For this reason it was very important that support mechanisms were in place and that there were satisfying mechanisms for reporting back and consulting with the community on matters being discussed at Board meetings*" (Minutes of the meeting, October 1991).

The need for additional community development support in the West End to help to achieve community participation in the City Challenge led to the establishment of a Community Resource Team in mid-1993, two years after the need was expressed by the community representatives. The process of setting up the Team and the issues raised by the community members of the Board during that period are very revealing in terms of the level and the effectiveness of the community involvement in the City Challenge process. This will be discussed later in the paper.

The Shadow Board was composed of 21 members, 7 from each public, private and community sector (see Diagram).

Newcastle City Council was represented by the leader and Deputy leader of the Council, leader of the opposition (Conservative Party), and Chairs of Education, Development, Social Services, and Housing Committee. The private sector was represented by seven major businesses from both within and outside the Challenge area including: Barclays Bank, Scottish and Newcastle Breweries, Vickers Defence System, R.H. Patterson and Co., NEI Reyrolle Ltd, British Airways, and the Housing Corporation.

As regards the community sector, a distinction should be made between the 'community' and the 'voluntary' sector even though this tends to be blurred in discussions about community involvement in City Challenge processes (see CDF, 1992). On the Shadow Board there were three representatives from the voluntary sector including the ICF, the NTF, and the REC; and four from the West End communities of Moorside, Benwell, Scotswood and Cruddas Park (West City). This corresponds with four out of five wards of the City Challenge area, but omits Elswick with its high population of black residents. As noted by one of the interviewees, "*it is an all white Board apart from the REC representative who does not turn up most of the time*".

In spite of the equal representation from of the each three sectors, the Shadow Board was heavily and obviously managed by the politicians and officers. Meetings were organised through the committee section of the Chief Executive's Department with

large bundles of papers in a local authority format. Meetings were held in public, but were carefully prepared with Councillors pre-meetings and officers briefing to them.

THE WEST END BOARD

The full Board (West End Board) was only operative six months after the bid had been accepted; i.e in January 1992. Nominations to the Board were put forward mainly by the City Council with the help of TNI. Places on the Board were at premium since people wanted to have influence on the distribution of resources. However, as one of the interviewees pointed out, *"the structure of the power base was imposed by the City Council"*.

In selecting the community representatives, the Council had to face the dilemma of choosing between members of the community and so called *"community leaders"* who live in the area, and the professional community workers, *"the activists"*. On the one hand the community workers did not live in the area and could potentially use their job position to pursue their own political and ideological agenda. On the other hand, empowering the community leaders could potentially threaten the position and political power of the elected councillors within the respective constituency. Added to this complication, from the Council's point of view, was the fact that community members, most of whom were housewives, lacked confidence, training, and skill for handling the often complicated issues of bid formulation and programme delivery, or dealing with meetings and agendas. Therefore, they were constantly seeking advice and assistance from community workers who, as perceived by the Council, could use their position to influence them in whatever direction they wished.

However, as mentioned by both the councillors and the senior officers, the Council "*was anxious to get more from the community directly and less from the professionals*" (Interview, 1992). But, it is not clear whether the reason behind this was the intention to empower the community and to build up the capacity or, indeed, to have more of the less experienced people on the Board who could be more easily influenced than the experienced community workers. Whatever the reason, the Council's solution to the dilemma was to select three from the voluntary sector (professional paid workers) and four from the community.

The final version of the Action Plan was approved by the DoE in March 1992. One month later, in April, a City Challenge Director started to work full-time, charged with the day-to-day running of the City Challenge private Company which was set up at that time. The City Challenge team, including six officers supported by four secondees from the Employment Service, the Tyneside TEC, the Newcastle College, and the Career Service, was appointed in September/October 1992, some 3 to 4 months later than what was suggested by the DoE guidance.

To some, *"the process of evolving the Board was very muddled and the relation between the full Board and the Executive Board was unclear"* (Interview, 1992). The Executive Board was also composed of equal representation, two members from each sector, and as regards the community sector, one from the community representative and one from the voluntary sector (see Appendix 1 for the Board and the Executive Board composition). The Executive Board met more frequently, received more information, and spent more time discussing the projects in further detail. Hence, the decision made by them could not easily or effectively be challenged by the rest of the Board members, and in particular by the less experienced ones who felt that "*the power and the networks are in the Executive group"* (Interview, 1992).

The West End Board started to operate in the manner established by the Shadow Board, chaired by the leader of the Council, with the same composition though not

exactly the same members. Whilst the City Council members remained the same, there have been considerable changes to both community and business representatives (see appendix 1). As regards the latter, the Tyne and Wear Chambers of Commerce was nominated by TNI to replace the Scottish and Newcastle Breweries on the Board, and Metal Spinners replaced the Housing Corporation's representative. As regards the former, the ICF was replaced by a representative from the Age Concern Training Agency (representing the voluntary sector). Also due to resignation of the West City's and Benwell's representatives, the former was replaced by a new member but the latter remained vacant until April 1993. At that time the Community Forum recommended that the vacant seat could be occupied by the Elswick representative who, up to then, was a non-voting member. This meant that Benwell community would not have a voting member on the Board. The Community Forum also offered another alternative (which was not accepted) and that was to reduce the number of voluntary sector representatives from three to two to give the Elswick representative a voting status (Minutes of the Executive Board meeting, 20 April 1993).

The Board met bimonthly usually with the presence of a large public audience. This was particularly frustrating for those members who had no local authority background. They found the large Board, with 40 to 50 people, a very difficult arena for debate; "*a cast of thousands*" was how one private sector member of the Board described it. Similarly, the large meetings made it extremely difficult for community representatives to communicate their views. As a community member of the Board pointed out,

> "*The Board meetings are somehow chaotic. There aren't just 21 Board members, there are often dozens of people and it's sometimes difficult to tell who is and isn't on the board. You drop four residents into this and do they have any influence?"* (Interview, 1992).

In a survey carried out in November 1992 by the City Challenge Team aimed at identifying the Board members' views about the Board meetings, it became evident that: out of 11 respondents to the questionnaire 7 members felt that they were not fully involved in making the Board decisions; 3 were not even clear what decisions had been taken by the board; 2 were not clear about the procedures involved at the meetings and what they were there to do; and half of the respondents raised the need for training arrangements. In the same survey, 9 members thought that local authority officers should attend the board meetings only if they were invited. Among *the least* satisfying things about the Board meetings were: numbers of people; not an "equal" partnership; chair over forceful; and local authority domination (Minutes of the Board meeting, 15 April 1993).

All these issues were also raised in our interviews which were carried out four months before the above survey. The following comments from both private sector and community/voluntary sector members of the Board is self-explanatory:

> "*The methods have not changed with the City Challenge. The structures are different but not the practices. The method pre-dates City Challenge*" (Interview, 1992).

> "*There is potential to draw in the community groups into decision-making on the board but in practice, the leader dictates the tone and direction of the meetings"* (op cit).

> "*It is not an equal division. The City is more powerful. They have a team of officers dedicated to the City Challenge*" (op cit).

"It is unclear whether the Board division between local authority, business, and the community is leading to new ways of working. The local authority tends to be over-dominant" (op cit).

The length and impenetrability of the papers, time spent in the meetings, meetings at short notice, and in general the prevailing local authority management style were the business sector's main complaints about the way the Board meetings were run. Similarly the community representatives were frustrated with this, complaining that,
"important reports often get dumped on the table at the Board meeting and the community representatives felt powerless to respond because they have not received prior sight of them" (op cit).

In addition, bureaucracy and the lengthy procedures in adopting and implementing the projects, which were imposed by both the Central Government and the local authority, were major obstacles in the way of achieving a "fast-tracked" delivery system as was envisaged by the DoE's earlier guidelines. As one of the private sector members of the Board pointed out,

"in spirit they (private sector) are all encouraged by the structure and the prospect but in practice at this stage, they are not working effectively" (op cit).

COMMUNITY RESOURCE TEAM

During the preparation of the Action Plan in the late 1991 there were discussions with the community representatives about the need for additional community development support in the West End to help achieve community participation in City Challenge.

In the Board meeting on 21 March 1992, the Chief Executive and Director of Social services reported that,

"existing community development resources within the City Challenge area are patchy, uncoordinated, and wholly insufficient to the task of supporting and facilitating an effective community response to the opportunities presented by City Challenge". Therefore, it was proposed to establish a Community Support and Participation Unit with *"the primary aim of empowerment of local people in developing their collective strategies to address the problems they face".*

The Board did not accept the proposals in a form which was independent of the City Challenge structure. Later in July 1992, a new proposal to set up a Community Resource Team (CRT) within the City Challenge structure was put forward to the Board for approval. This was subject to several consultation meetings with community representatives. The following provides a summary of the community comments extracted from the minutes of the Executive Board meeting on 16 July 1992. As regards:

* aims of the CRT: "*strong feelings were expressed that the current proposal lacks the independence of the previous proposal and that it will not be able to take on community issues if seen to be closely linked to the structure of City Challenge...The need for a team was recognised...but the communities needed a voice of their own".*

* methods of working: "*concerns were expressed about the way decisions are made at Board level which did not fully involve the community".*

* priorities for work: "*a strong view was expressed that priorities for the Team must come from the bottom up and be established by the communities locally".*

* composition of the Team: *"the meaning of 'qualified/experienced (workers) needs to be stated before posts are advertised"*.

* professional support: *"the danger was pointed out that the person providing professional support could undermine the views of local groups"*.

* accountability: "*strong concern was expressed about the real status of the Steering Group (*made up of the Director of City Challenge, a professional adviser, 4-6 community representatives who could be the same as those on the City Challenge Board) *and whether the views of communities are going to be listened to. Again, comparison was made to the previous proposal which was to be independent of City Challenge"*.

* location of the Team: *"concern was expressed about the City Challenge office (at Todds Nook Centre) which is not seen as accessible to many parts of the West End"*.

The views expressed by the consultees reveal their perceptions of the City Challenge processes, their worries about their views being undermined by professionals and their voices not being heard by decision-makers. All together, their comments reflect a general mistrust and even suspicion in their relationship with the local authority, the professionals and the City Challenge programme. This illustrates how difficult and delicate is the task of building up working relationships, confidence and capacities within the local communities. Embarking on such a mission is in sharp contrast with some of the elements of the City Challenge initiative such as competitive bidding, speed, and the achievement of quantitative output measures. This point has also been highlighted in a recent research project funded by Joseph Rowntree Foundation on *Community Involvement in City Challenge* (NCVO,1994).

The proposal for the establishment of the CRT was approved by the Executive Board on November 1992 and by the DoE on December that year *"subject to the production of an annual report covering among other things performance against outputs, milestones and achievements of broader economic objectives"* (Minutes of the Executive Board Meeting, 15 March 1993).

The CRT Leader commenced employment in January 1993 and her team started work on March 1993 in their office at Westmorland Business Centre. The first meeting of the Steering Group took place in August 1993. The whole process of establishing the Team took about two years which is 40% of the City Challenge life span! Such a lengthy process can be attributed to inefficiencies and lack of "*fast-tracked delivery mechanisms*" required by the Government. Yet, it illustrates the tension between such requirements and the timescale and delicacy involved in building up trust and confidence.

LOCAL AUTHORITY LEADERSHIP

The merit of having a local authority leadership was appreciated by all the interviewees, but concerns were expressed about whether the City Council was playing its role effectively, and whether it had taken the opportunity to be innovative in this role.

Newcastle City Council has a long history of working in its disadvantaged areas. As mentioned earlier in the paper, the West End has been the location of various urban policy initiatives since the 1960s. This has led to the creation of various community development groups such as Priority Area Teams which are still in existence. As a result of this history, the area is relatively rich in networks linking the City Council to community development activity.

Over the past years, the Council has also adopted a pragmatic relationship with the business community, though primarily based on individual contacts. Therefore, the local authority has, in principle, the foundation for setting up the kind of three-way partnership envisaged by the City Challenge initiative. The City Council, as with many other local authorities, is in a unique position to play the leadership role: it has representation of the area; it has knowledge of the area; and perhaps most importantly, it has the resources and experience of delivering a large proportion of services to the area. However, what causes concern for a lot of people who have been involved in the City Challenge process, is that the *leadership* role has somehow turned into a *controlling* role over the City Challenge.

According to one of the interviewees, "*the equal division was the original intention, but the City Council has run with it and the others have tagged along*".

The City Challenge team had to rely very heavily on the efforts of the local authority officers to establish systems to appraise and approve projects in the first year. There was a long hand-over time because, firstly, the Director was new to the job and had little previous knowledge of the City Challenge initiative, and secondly, the City Challenge Team was not in place until about October 1992, half way through the first year of implementation stage. Thus, both the Director and the Team were very much dependent on advice and help from local authority officers.

Although the City Challenge Executive Team is now in place (see Diagram), the Officers Working Group is still operating and meets monthly to coordinate the City Challenge projects. However, problems of duplication of effort in appraising, approving and monitoring the projects have arisen between the Team and the local authority officers. In a report to the Board (in May 1993), the Director of City Challenge found it necessary to clarify the roles and responsibilities of the two which seemed to have been confused. The report emphasises that,

> "*the task of appraising and approving projects needs to be carried out primarily by the Executive Team and the Board in partnership with the local authority*".

This clearly reflects the views expressed in the interviews. It was cited that,

> "*the local authority has to accept that City Challenge is not directly controlled by them and not everything goes up for approval. There is a new system operating*" (Interview, 1992).

But the fact that this new system is heavily dependent, both financially and administratively, on the local authority cannot be overlooked. 10% of the revenue cost of all projects is funded by the local authority. In addition, the local authority's own

projects which account for the majority of the programmes need the relevant Council committees' approvals. As one of the officers pointed out,

> "although the City Challenge Board would say it is our money not yours, the City Council will say you can't spend it without us. We have to get on together otherwise the programme can't be implemented" (Interview,1992).

Perhaps the need for "getting on together" explains why the Director of the City Challenge, as in many other City Challenge Teams, is an ex-local authority officer.

Therefore, what was proposed, in mid-1993, by the Director of the City Challenge as the new "*project management system*" was an attempt to clarify rather than limit the role of the local authority within the system. The system is now structured as follows: the City Treasurer acts as a critical point of coordination for all local authority officers; the Director of Development, who attends all the board meetings, and a senior officer from that department, who chairs the Officers Working Group, have the role of the lead officers. Also, a senior officer from each department acts as a departmental coordinator. Together, they "*orchestrate*" the range of the City Challenge activity across the range of departmental services and meet at the monthly OWG. In addition, there are Project Officers who are responsible for specific City Challenge projects, and Contact Officers who are responsible for grant aid to voluntary sector projects (Minutes of the OWG meeting, 6 May 1993). This is also an indication of the amount of bureaucracy involved in the process which has caused a lot of frustration. As one of the officers suggested:

"*The vast majority of people in the private and community sector have no comprehension of bureaucracy that is involved in spending money. Things are not miraculously happening immediately. The timescale involved even within the most streamlined process is well in excess of what private and community representatives expect and this leads to disillusion, which is a pity*" (Interview, 1992).

A substantial part of the bureaucratic process has, however, been imposed by the DoE's procedural rules and regulations. Having approved the bid through the competition process, the DoE retain control through requirements for technical procedures in project appraisal and monitoring. Effective performance in these routines, combined with annual approval of roll-forward of funding, gives central government a powerful tool in shaping the programme while causing significant frustration for the City Challenge Board and Team. This is strongly in conflict with the "hands-off" and "fast track" approach advocated by the Government. As one of the DoE Regional Officers suggested,

> "*they are talking hands off; but how hands off can you be when you're financially responsible and accountable*"?

Whilst the DoE central office view is that City Challenge should be "output" driven and "hands off", the existing spending rules still apply, for each funding source including accountability requirements. Any projects above £0.5m need appraisal by the central DoE; below that regional office approval is needed. So the traditional Urban Programme procedure still applies. "Fast track" arrangements have come up against the Treasury rules about accountability when using public money.

Meanwhile, City Challenge has been faced with having to substitute rather than "add values to" the local authority mainstream expenditure on some of the projects such as provision of the traffic calming measures in one of the neighbourhoods (Officer presentation, December, 1993). This means that the local authority is pulling out some of its resources from the area and replacing them with the City Challenge funding. This is very likely to be justified by the local authority as a legitimate action against the increasing cut backs in expenditure. But, for the residents of the City

Challenge area and the Board, whose aim is to achieve additional resources for the area, these could be demoralising.

CITY CHALLENGE IMPACT ON GOVERNANCE PRACTICES

At the time of the interviews, the local authority officers' reaction to City Challenge was that,

"*it was another source of money which presented opportunities to have funding for schemes that (they) had in their back pocket for some time*" (Interview, 1992). It strengthened what they were doing and enabled them to give their work a "*higher profile*". So, "*it was partly about the money and partly about the profile we enjoy*", stated one of the senior officers.

"*The City Challenge gave the local authority a place in the sun; following the sidelining of the 1980s it strengthened their position with respect to the urban Development Corporation. From the local authority's point of view, the good thing about the City Challenge is that it is the first Conservative Government's initiative that recognises that local authorities have a very central role in the City Challenge*" (Interview,1992).

However, while giving the key initiating role to the local authorities, the City Challenge initiative embodies a strategy of transforming local authority processes to be more reflective of business and community needs, both with respect to the development of appropriate action plans and for their delivery. The Challenge authorities were exhorted to "*devise delivery vehicles which satisfy the requirement for accountability while facilitating an entrepreneurial approach by local boards and staff*" (DoE, June 1991 Guidance). According to one of the private sector Board Members,

"*one of the reasons why the private sector is there (on the Board) at all is to try to introduce private sector ways of making sure projects are day to day progressing. Make sure it is a commercial success. Value for money*" (Interview, 1992).

This perception of the objectives of the initiative is, in effect, more in line with subsequent DoE's guidelines (issued in February 1992) which put more emphasis on effective delivery of programmes and less on developing community assets and capacities. This is well reflected in the mode of central control which is focused around the specification of *output measures and targets* against which performance is to be judged with the threat of funds withheld if targets are not reached. These latter emphasize material outputs (jobs and training places provide, stock built and refurbishes, trees planted) rather than qualitative changes relating to building up the links in routes to jobs, and on transforming institutional capacity.

The idea of setting up measurable outputs has also penetrated in other areas of local authority practices. For example, one of the officers of the Economic Development Unit suggested,

"*When we produced our annual economic development strategy, for the first time we started to put together targets in the strategy. We are learning and using the same techniques (which are used for City Challenge).*

As regards transformation of local authorities' governance practices, evidence provided by the interviews show little sign of a major impact, as in summer 1992.

The Newcastle City Challenge (at the time of the interviews) remained essentially under the control of the local authority and its governance practices. Even in March 1993 in a Regional Workshop organised by the CAT on the subject of *City Challenge and Private Sector*, the main private sector complaints were about the City Council's political machinery and the fact that the Board's discussions have to be ratified by the local authority's committees.

However, there are signs of a slow struggle going on to redefine agendas and ways of working. Now, each of the three partners have their own constituency, all having pre-meetings. Position of the community representatives on the Board has been strengthened through firstly, active participation and secondly, the support provided by the Community Resource Team and the five community development workers who have been employed by the City Challenge. How effective they are is still an open question because firstly, the local authority still sets the agenda and control the rules and the resources (Seminar presentation by a community rep, January,1994), and secondly, the emerging process does not seem to be evolving into greater transparency, collaboration and common sense of ownerships between the partners.

Alliances are being set up between the community representatives and the private sector ones. "*Such alliances work well because they are good at figures and we are good at emotions and fine grains*", suggested by one of the community representatives (op cit). Yet, the following comment made by another community representative in a seminar in March 1994 indicates that it is more likely that the process has evolved into an uncomfortable co-existence of the partners rather than the three-way partnerships: "*we've got the private sector on our side against the Council, and the Council against the private sector*".

There are still signs of power struggles on the Board particularly between the community representatives and the local authority. There is a strong tendency among the community representatives to turn the concept of community *involvement* into community *control* and the right for *voting* into the right for *vetoing*.

Among the community representatives, there are still signs of mistrust and sometimes even hostility against the local authority which is partly a reflection of a wider local communities' anger and hostility towards the state.

However, a more effective community involvement has changed, to some extent, the direction of resources towards obtaining more community benefits. There has also been some changes to the focus of the programme. For example, after the first annual review of the Action Plan, crime, provision of opportunities for the young people, and education have been allocated extra resources. There has also been a shift of emphasis from local authority housing towards Housing Association schemes and from new built towards refurbishments.

Meanwhile, the private sector members of the Board have agreed to take specific responsibilities and focus on specific aspects of the wide range of activities of City Challenge in order to provide more effective guidance and advice to the Board (minutes of the C.C. Departmental Co-ordination Group, 7 October 1993).

IMPACT ON OTHER AGENCIES

In addition to the Board members, there have been several other agencies and institutions involved in the City Challenge processes, albeit with various degrees of influence, as we discussed before. However, it is essential, in terms of addressing the

main issues raised at the beginning of the paper, to study how far these organizations have been influenced, both in terms of working practices and their priorities, as a result of being involved in the City Challenge process.

The evidence provided by the interviews suggests that various agencies have been affected differently in terms of both the level of impact and the way it has been manifested. As regards working practices, there is little evidence suggesting that City Challenge has had (at the time of interview) any real influence apart from enhancing the size of the networks for some organizations such at the REC, and, in some cases, (such as the TTEC), speeding up the changes which would have happened anyway. TTEC has generally been changing its approach through community development initiatives for example in Meadowell in collaboration with the TWDC and the Northern Development Company. This shift would probably have happened anyway, but City Challenge "*turned this from a peripheral to a central theme*" (Interview, 1992).

The City Challenge impact on the agencies' resources was negative for some organisations and positive for others. For example, those projects which were funded through Urban Programme suffered from top-slicing of the Programme, whilst those which happened to be within the boundary of the Challenge area (eg. St. Mary's Training and Enterprise Centre) benefited from receiving City Challenge resources. For some organisations, such as the ENTRUST, City Challenge provided some spin-off benefits helping them to obtain matching fund from elsewhere for a childcare project.

As regards the agencies' priorities, for some voluntary organisations involvement in City Challenge had negative impacts, resulting in distraction from their ongoing projects and reductions in their resources and energies. One of the voluntary organisation's representative argued,

> "*The City Challenge has completely destroyed our previous work priorities...Due to involvement in the initiative, virtually no inner city partnership work took place... the setting up of a vibrant black voluntary sector group was adversely affected and some of the ongoing projects were shelved*" (Interview, 1992).

At the time of the interviews, the City Council as the funding body of this organisation was about to be replaced by City Challenge. This was perceived by the representative of this organisation as "*an extremely manipulative move by the Council*".

Whilst some organisations such as the Employment Service reprioritised their projects with further emphasis on City Challenge, others such as the CAT directed their resources towards other parts of the Tyne and Wear County where they were not getting the attention they used to because of City Challenge. The latter were concerned about the way City Challenge had focused on small areas, "*black spots*", and resulted in a "*distorted view*" of the County.

At the time of the interviews, the voluntary organisations and the community representatives did not perceive a substantial change in their working practices and priorities as a result of being involved in the City Challenge. The only exception was the NTF who gave a strong priority to management issues after being involved in the initiative.

Perhaps the most interesting changes in priorities and to some extent working practices took place in the TWDC who suggested,

> "*the flow of City Challenge schemes has undoubtedly altered the practical relations with many people...The local authorities were focused into the same*

frameworks as we are. It has made the relationship with members easier. Now it is possible to collaborate rather than compete".

However, the collaboration seems to be based on a division of responsibilities with the Development Corporation continuing to focus on land and property related issues and the City Challenge dealing with community and people related works. Therefore, for the TWDC, the introduction of the City Challenge was an effective means of taking the pressure for getting involved in the community works off them. This particularly applies to their involvement in Cruddas Park where they are no longer "*the finger in the dyke".*

CONCLUSION

City Challenge, in its initial formulation, represents a new, spatially targeted approach to linking the various dimensions of urban regeneration, coupled with a strong emphasis on community empowerment and building up new institutional capacity.

Government objectives for City Challenge seek 'successful partnership' with all those with a stake in an area, consolidated into a three-way partnership between the local authority, business and the community. In this way, the community and business are to be integrated into the 'mainstream' of local governance and contribute to the government's wider project which is, in theory, transforming local governance relations to make them more responsive to business interests and citizens' demands.

Is this just a rhetoric, masking the reinforcement of central control? Is it just a temporary gesture? or is the approach likely to have, as it claims to attempt, a significant impact on the processes of neighbourhood governance? If so, are these likely to increase the opportunities for participation by the community in the decision making process and in the governance of their neighbourhoods? If so, which residents and whose interests are likely to benefit? This question focuses attention on power relations of involvement in City Challenge programmes.

Drawing on discussion by Fischer (1990) and Drysek (1990), we can ask whether the participation pattern and mode represents a tendency towards *technocorporatist* practices, allowing domination by political, administrative, professional and business elites, or whether it is possible for the community to obtain real leverage over agenda setting and project delivery, and what are the conditions which encourage this (see, Fischer 1990, Forester 1993, Friedmann 1992, and Healey 1992). Can residents change the style of mainstream governance or must they conform to it in order to participate? Does the City Challenge provide the potential for political empowerment and tendencies towards, rather than away from, *participatory* forms of governance, widening the range of those involved, their interests and discursive forms?

The rhetoric of City Challenge certainly presents it as a widening initiative, which accounts in part for the welcome that it received initially. But, how far this has been achieved in practice?

By drawing on the evolving policy processes in the early days of Newcastle City Challenge and some further evidence on the way these have progressed to date, some concluding remarks can be made on the issues raised in the introduction and outlined above.

These interpretations draw on multiple sources of evidence, as mentioned above, and are contestable. However, the balance of evidence supports our account. It should be

stressed, however, that our focus is primarily on the evolving policy processes in the early days of preparation of the agenda of projects and formation of the structure of partnership. Our account does not assess the subsequent dynamics of the partnership for which further detailed observations and monitoring are required.

In terms of actors and arenas, a shift can be seen from the traditional practices of a big city labour authority, towards an arena where more voices are expressed and heard. As the City Challenge initiative evolved, central government, business and community representatives have challenged a strong labourist/trades union tradition, with overtones of paternalist clientelism, serviced by highly competent officers within a departmentalised structure. However, the business voice was primarily that of the dominant business/agency grouping built up around government policy initiatives in the 1980s. It tended to exclude both a wide range of small firms, and some of the major companies. However, involvement provided a vehicle through which this particular business nexus has been able to promote its interests in the area and protect their interests in other parts of the conurbation. Where business representatives have no specific interest, they are unlikely to see the point of involvement in what appear to them to be laborious and inefficient processes. Only a few saw the role of benevolent patron as commercially useful. The neighbourhood voice was expressed largely through pre-existing community organizations. Their relations with other neighbourhood residents was often problematic. Central government politicians and civil servants loom behind all these, as they did before, in their role as funders, both of the programme as a whole and in the approval of specific projects. Having approved the bid (through the competitive process), the DoE retained control through requirements for technical procedures in project appraisal and monitoring. Effective performance in these routines, combined with annual approval of the roll-forward of funding, gave central government a powerful tool in shaping the programme. To conclude, while the balance of power in representation was certainly wider than in the preceding Urban Programme arrangements, and the local authority had less control over spending priorities than at the start of the programme, Newcastle West End City Challenge in its early days was hardly a three-way partnership on equal terms.

As regards the operating procedures of the Board and the management of projects, these remained dominated by local authority styles. The other partners had to learn these styles or be submerged. Both the business and community representatives then found sufficient voice to challenge the agenda of projects and, to an extent, the organizational style. It is difficult at this stage to assess whether innovation is occurring in the practices of any of the participants, although some agencies claimed that their own organizations had changed to give more priority to actions in the City Challenge area (eg: Tyneside TEC). It seems likely that the main changes relate to technique (project management) and priorities rather than to forms of representation, ie to forms of local governance. There has been little sense of an active strategic debate among all those with a 'stake' in the area on problems and possible actions.

A realistic hypothesis as to who 'controlled' the City Challenge processes in the early days in Newcastle would suggest that the DoE played a major role, through the project appraisal and annual review procedures. It was this pressure which pushed the local authority to give more attention to the voice and demands of business and community representatives. This in turn provided the opportunity for major private investors to negotiate subsidies for their projects, although it is likely that this would have happened anyway, if less publicly. In this context, the community voice has acted to expand and shift established agendas, capture small funding for specific projects and bring issues into the arena of public debate. A possible interpretation is that central government controlled the resource flows through defining the rules of access to them. The local authority then sought to capture control through the rules governing discussion practices and through the agenda of projects. Within this

process, both business and community representatives had some impact in modifying both the local authority rules and the agenda of projects.

The Newcastle City Challenge programme was thus at the sharp end of the contemporary struggle between central and local government, and between formal government, the business sector and citizens, for control over governance form. Given Newcastle City Council's traditions of working with community representatives, and the extent of neighbourhood organization, there were genuine opportunities for widening the power base and moving towards more empowering policy practices. Experience in 1993 suggested that this widening dynamic was continuing. However, these shifts are held in check by the technical management procedures set in place by central government and by the weight of traditional local authority practices. It is therefore not clear whether the democratic potential of City Challenge can be realised in this situation, or even whether the more technical criteria of better integration, responsiveness and project delivery emphasised by the DoE can be achieved more effectively than through the Urban Programme mechanism. It remains an open question whether the City Challenge mechanism as it has evolved in Newcastle is sustainable and desirable in itself and/or as a model for neighbourhood governance elsewhere in the city.

APPENDIX 1:

THE WEST END PARTNERSHIP BOARD (as in mid-1994)

CITY COUNCIL MEMBERS

* Councillor Beecham (Chairman), Leader of the Council
* Councillor Flyn (Vice Chairman), Deputy Leader of the Council
  Councillor Allison, Chair of the Housing Committee
  Councillor Caster, Chair of the Social Services Committee
  Councillor O'Shea, Chair of the Education committee
  Councillor Shipley, Leader of the opposition
  Councillor Slenger, Chair of the Development Committee

PRIVATE SECTOR MEMBERS

* Dr. Stan Jones, NEI Reyrolles Ltd
* Ms. Sue Wilson, Vickers Defence Systems Ltd
  Mr. John Ward, Barclays Bank
  Mr. Peter Austin, IBM UK LTD (1)
  Mr. Ashley Winter, R.H. Paterson & Co.
  Mr. Clifford Blake, Metal Spinner Ltd (2)
  Mr. John Collier, Tyne and Wear Chamber of Commerce (3)

COMMUNITY AND VOLUNTARY ORGANISATIONS MEMBERS

* Ms. Jackie Haq, Scotswood Area Strategy (Scotswood)
  Ms. Betty Bond, Cruddas Park Community (West City) (4)
  Ms. Anne Blair, Arthur's Hill Community (Moorside)
  Mr. Brian Hutchinson, Elswick Park Community (Elswick)   (5)

* Ms. Sue Pearson, Age Concern Training Agency (6)
  Mr. Zafar Khan, Racial Equality Council (7)
  Mr. Frank Shepherd, Newcastle Tenant Federation (8)

NOTES:

* The Executive Board members
1. Replaced Mr. Martin Dixon of British Airways who   resigned in mid-1993.
2. Replaced Mr. Richard Clarke of Housing Corporation in 1992.
3. Replaced Mr. John Fleming of Scotish and Newcastle Breweries in 1992.
4. replaced Mr. paul Cowen of Cruddas Park in 1992.
5. Replaced Ms. Joan Fraser, the Benwell Community's representative who resigned in early/mid-1993.
6. replaced Ms. Ranjana Bell of Inner City Forum in 1992.
7. Replaced Mr. Harrie Shukla of Racial Equality Council in 1992.
8. Replaced Ms. Monica Elliot of Newcastle Tenant Federation in 1992.

APPENDIX 2:

INTERVIEWEES

NEWCASTLE CITY COUNCIL

Councillors
1. Leader of the Council, Chairman of the City Challenge Board
2. Chair of Social Services Committee

Senior Officers
3. Director of the Development Department
4. Economic Development Unit, City Challenge Bid Coordinator
5. Economic Development Unit, Head of Business Development Team
6. Department of Education, Nominated Officer for City Challenge
7. Leisure Services department, Research and Development Officer
8. Social Services Department
9. Chief Executive Department, Manager of Urban Policy Initiatives

VOLUNTARY ORGANISATIONS

10. Inner City officer, the Inner City Forum, Shadow Board Member
11. Development Worker, the Newcastle Tenants Federation, Board Member
12. Director of the Racial Equality Council, Board Member
13. Director of the ENTRUST
14. Member of the Management Committee, Scotswood Community Project

PRIVATE SECTOR

15. Regional Director of Barclays Bank, Board Member
16. Chief Executive of The Newcastle Initiative
17. NEI Reyrolle LTD, Board Member
18. Director of Personnel, Vickers Defence Systems

GOVERNMENT AND RELATED AGENCIES

19. Chief Executive of the Tyne and Wear Development Corporation
20. Senior Officers, The Tyneside TEC
21. The DoE Regional Office and the City Action Team
22. Director of the Employment Service

OTHER AGENCIES

23. Development officer, the Newcastle Architecture Workshop

AND

24. Director of the City Challenge (West End Partnership)

APPENDIX 3:
GLOSSARY OF ABBREVIATIONS

CAT: City Action Team

CRT: Community Resource Team

CVS: Council for Voluntary Services

DoE: Department of the Environment

EEF: Employment and Enterprise Forum

ICF: Inner City Forum

NTF: Newcastle Tenant Federation

OWG: Officers Working Group

REC: Racial; Equality Council

SAS: Scotswood Area Strategy

TNI: The Newcastle Initiative

TTEC:Tyneside Training and Enterprise Council

TWDC:Tyne and Wear Development Corporation

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