

Co-production of Neighbourhoods and Neighbourhood Services in Birmingham: initial briefing paper

The purpose of this briefing is to set the scene for discussion of Co-Production. It defines co-production and clarifies what it means in the current and future context in relation to neighbourhood services in Birmingham. It puts forward a rationale as to why there should be an emphasis on co-production; and the benefits and outcomes of adopting such an approach.

This paper is part of a set of briefings which will set out: funding options, ideas relating to a 'community credit' scheme and case studies of co-production in practice. Collectively, these papers are intended to inform discussion about the co-production of neighbourhoods and neighbourhood services leading to joint action.

1. Defining Co-Production

Co-Production is... 'the process by which inputs used to produce a good or service are contributed by individuals who are not 'in' the same organisation'.

This is the definition given by American academic and 2009 Nobel economics laureate Elinor Ostrom – recognised as the leading expert in what economists call 'common pool resources'. Ostrom made various studies of collective action in the developing world: pasture management in Africa; and irrigation engineering in Nepal. In the 1970s she set up a workshop which looked into policing in Chicago. In particular, she wanted to explain why the adoption of centralised service delivery through large institutions was less effective than predicted. Why did 'modernising' policing, lead to an *increase* in crime and a *decrease* in public perceptions of police effectiveness?

Ostrom found that the policies of large public agencies don't work as expected because they only influence a *proportion* of the inputs used to produce the service. The Chicago PD was just one of the players in determining the city's ability to deal with crime. Centralised policies adopted by public agencies and applied 'top down' without reference to communities actually tend to disrupt variables like 'co-operation' and 'trust' which help to determine the effectiveness of collective action.

The Core Economy is a concept thought up by US civil rights lawyer Edgar Cahn (who worked for a time as speechwriter for Bobby Kennedy) to explain how private enterprise and public services both depend on underlying activities undertaken by us all. The core economy

consists of all those activities run informally by families and communities. The motive force of core economic activities is 'love' (in its widest sense) or 'emotional affiliation', not profit. Cahn also developed practical approaches that showed how public goods could be delivered with regard to the core economy. At the heart of this area of work is his idea of the 'Time Dollar'. Cahn proposed that time – hours and days – is the 'currency' of the core economy; the irreplaceable resource we invest in families and communities. Cahn set up the Time Dollar Institute in Washington DC in the 1980s and pioneered the use of time dollars in youth justice and in providing legal aid.

'Time Dollars' can be used to co-produce public services so as to be more effective and sustainable. For instance, Cahn describes how 'customers' for legal aid at the Law School where he teaches co-produced the service by paying in time dollars for the advice they received. The college re-invested these time dollars in local community projects. That is, people without any money can buy legal advice from the law school by spending time on projects that benefit the neighbourhoods around it (where the students at the law school live). The organisers of community projects ensure that their beneficiaries are aware at election time that the Law School – which provides the labour to community projects in the neighbourhood – needs its grant from the local District government renewed and to consider that fact when they decide whether to vote!

Cahn has compared the core economy to a computer operating system. Like an operating system, it supports other applications which run on the surface. (And, perhaps, like an operating system it contains unmodified code inherited from previous versions). To be effective, surface applications need to use the beneficial features of the operating system. Whether they aim to generate wealth or welfare, sit in the private or public sector, working effectively means working 'with the grain' of the underlying system. Going 'against the grain' or trying to engineer the underlying core economy to fit in with particular superficial applications is inefficient, wasteful and unsustainable.

The US Context: in the UK, co-production tends to be presented in terms of the interface between public services and 'the community'. Cahn suggests co-production is more widely interpreted in the United States. Partly this is because the US does not have such a developed Welfare State. The superficial, or surface, economy (which is, broadly, everything involving the exchange of currency) is, in the US, dominated by private enterprise to an extent that is no longer the case in the UK and Europe. The US context is important to bear in mind for three reasons:

- 1) it gives a rounder picture of the extent, significance and *limitations* of the core economy – it was these limitations that led to a surface economy based on currency which developed in the place of feudalism;

- 2) it serves to remind us the UK Welfare State is a relatively recent innovation which is not fixed. We tend to see the Welfare State as if it was part of the core economy. But, in the last resort, decisions and transactions within it are made on the basis of currency – budgets - rather than morality.
- 3) it reminds us that no sector (private, public or voluntary) operates entirely in the core economy or the surface economy: everything anyone does is always a combination of the two. How well they are brought together is a factor in the efficiency of the action.

Other Definitions of Co-Production include:

- ‘a transformative way of thinking about power, resources, partnerships, risks and outcomes’ Needham (2009)
- ‘a partnership between citizens and public services to achieve a valued outcome’ according to the authors of the recent Cabinet Office discussion paper on co-production in public services (Horne and Shirley 2009)

Boyle, Clark & Burns (2006) drew a useful distinction between ‘institutional’ and ‘generic’ definitions of co-production. Institutional definitions are made by limiting co-production to those things relating directly to the delivery of a public service. Generic definitions (like those above) are wider, defining co-production in terms of the range of things done which support life including the delivery of public services (and private enterprise) generally, with co-production being ‘a widespread and natural part of human life’.

Mottiar and White (2003) defined coproduction in a deliberately narrow (institutional) way as: ‘a form of service delivery where citizens act in conjunction with public entities to provide a service’.

Likewise Joshi and Moore (2003) gave an institutional definition of co-production as: ‘provision of public services through regular, long-term relationships between state agencies and organised groups of citizens, where both make substantial resource contributions.’

Bovaird (2007) defined co-production as ‘the provision of services through regular, long-term relationships between professionalized service providers (in any sector) and service users or other members of the community, where all parties make substantial resource contributions’

Boyle and Harris in their recent paper for NESTA (2009) identified the need for more discussion aimed at agreeing a standard definition. They adopted a working definition with generic and institutional elements, noting co-production is as a new way of thinking that ‘could produce a shift’ in the way public services are provided, their ‘working definition’ was:

'Co-production means delivering public services in an equal and reciprocal relationship between professionals, people using services, their families and their neighbours. Where activities are co-produced in this way, both services and neighbourhoods become far more effective agents of change.'

There are also poor definitions of co-production: the one given at peopleandparticipation.net (which is a website funded by CLG, Ministry of Justice and the Sustainable Development Commission) is an example. It describes co-production as:

'A way of working whereby decision-makers and citizens, or service providers and users, work together to create a decision or a service which works for them all. The approach is value-driven and built on the principle that those who are affected by a service are best placed to help design it.'

The definition is poor because it misses key points about co-production, for example:

1. co-production emphasises that citizens *are* decision makers
2. co-production emphasises that service 'users' *are* service providers
3. services should work for users alone - in practice some might feel that they are run for the benefit of professionals paid to deliver them, but this is hardly a useful idea in understanding co-production...
4. co-production doesn't say those who are affected by a service are necessarily *best* placed to help design it, but that they have complementary expertise that's worth listening to.

2. Understanding Where Co-Production Fits in Current and Future Context

The range of professional-user relationships in service design and delivery can be arranged in a matrix (based on Bovaird, 2007) to illustrate how co-production relates to other models of public service production:

		Involvement in service planning:		
		Professionals only	Professionals and users and communities	No professional input
Involvement in service delivery:	Professionals only	Traditional paternalistic or new 'managerialist' service delivery	Paternalistic or managerialist service delivery with user involvement in planning	'Bespoke' services commissioned by users and delivered by professionals
	Professionals and users and communities	Community delivery of professionally designed services	'Full co-production'	Technically aided community planned services
	No professional input	Voluntarism – state designs services but commissions third sector to deliver them	Technically aided community delivered services	'Primitive' or 'Self-help' models of service production

Co-production can also be located in terms of other current and future initiatives and approaches:

Total Place – is based on the idea that it will be more effective to organise and deliver public services on the basis of place (rather than public service provider function). 'Place' – and in particular 'neighbourhood' - is a core economic concept whereas public service provider functions are not. Total Place could be seen as part of a co-production approach. In the wide sense of co-production given by Ostrom and quoted on page 1, Total Place will include co-production. More narrowly, Total Place will tend to include co-production the more nearly it approximates to 'total neighbourhood' or 'total family' since neighbourhood and family are entities to which people tend to have an emotional affiliation. There is unlikely to be much community co-production of services which are designed and delivered uniformly across the city as a whole.

Neighbourhood Management – from the point of view of potential for co-production looks like Total Place at neighbourhood level in principle. In practice though, neighbourhood management can often focus on co-production between public services rather than between services and communities (that is, co-production in the sense Ostrom coined the word, but not co-production from a core economic point of view).

Planning for Real – is a technique used to involve communities and users in designing services in a spatial context, eg in a neighbourhood. It could be the basis for fully co-produced neighbourhood services but might also be used as a consultation technique by public services intent on ‘managing’ user involvement rather than making the most of it.

Consultation – is a set of activities including, potentially Planning for Real (above) which are typically currently undertaken as part of the managerial mode of delivering public services.

Neighbourhood action planning – could be part of any of the approaches outlined in the matrix depending on who is involved in planning and who will deliver the services as a result. It could form part of a co-production approach whereas city-wide plans are less likely to.

Community Networks – most studies of co-production identify the development of community networks as a key part of a co-production approach. They are intended to assist community groups over certain barriers to engaging effectively in co-production: ‘isolation’ and lack of confidence, information and small amounts of money to cover expenses etc. – without ‘incorporating’ them into public services.

Personalised services – this is an element in co-production according to some (eg Horne & Shirley, 2009) but it is likely to form a part of individual coproduction – rather than collective co-production. Individual co-production (where the state involves an individual or a family etc as co-producers in a service) is a prevalent mode in education, health and social care. Co-production of neighbourhood services is much more likely to be done on the basis of a collective approach. The personalisation agenda is more to do with co-production in personal social and medical services etc.

Voluntarism – ‘rolling back the frontiers of the welfare state’ and relying the third sector to fill the vacuum. This approach is not a co-production approach since it does not imply any change in the way that services are planned.

Commissioning – could in principle be part of a co-production approach, but in practice it may be more likely to be part of a voluntarist approach (above). Commissioning is supposed to imply an element of partnership between the parties involved in contracting the public service. In practice, third sector bodies risk either becoming ‘incorporated’ into the public sector or acting as private sector operators.

Community Asset Transfer/Development – developing the assets and income streams of neighbourhood ‘hub’ organisations that are able to act as catalysts and enablers of co-production of neighbourhoods and neighbourhood services by resident groups would clearly be part of a co-production approach. However, it would also be possible to carry out community asset transfer in a way that does not support co-production.

Participatory Budgeting – could form part of a co-production approach (as in the case, for example, of Real Time Community Change in Birmingham), or could be a means of consulting residents without full co-production (which is closer to the case in LB Tower Hamlets for example).

3. Background to Co-Production and Current Rationale

By the 1980's, the limitations of paternalistic provider-centric models of the welfare state had become obvious (Bovaird, 2007). This is when the then Conservative-government in the UK started to reform public services. In general the reforms brought in at this point, however, were based on bringing in models of competition and extending 'consumer choice' in public services. So, for example, we saw:

- Compulsory Competitive Tendering – of local authority contracts
- Formation of Arms-Length Direct Service Organisations – in order to separate service delivery and policy functions within local authorities
- Best Value – requirements introduced
- Sale of Council Homes
- De-Regulation – of whole industries including public transport and of particular functions
- Creation of 'Internal Markets in the NHS
- Voucher schemes in areas like nursery education designed to give public service users 'purchasing power' over the delivery of services
- Privatisation – of many nationalised industries including telephones and gas and electricity supply, power generation, rail track
- Franchising – to private sector companies in areas like operating regional train services
- The idea of the 'Enabling Authority' – in the extreme (imaginary) case meeting once a year to allocate contracts but not delivering any services directly itself.

The New Managerialism which emerged in the 1990s was a reaction to the perceived failures of some of the market-based approaches listed above. Although the 'modernising agenda' for public services was dotted with references to user involvement, society's 'operating system' has tended to be overlooked. The new approach to managing public services stressed the worth of centralised targets, 'deliverables' and a managerial approach to 'customer relationships' (links with communities). This superficial focus on what public

services do has led to tighter, less flexible management systems applied in such a way as to pay even less credit to the underlying core economy. The new managerialism played down the importance of informal knowledge; self-help; mutual aid; and community networks (Boyle & Harris, 2009).

The Rebirth of Interest in Co-Production which is now current is due (according to Needham, 2009) to:

- a crisis of faith in target based and process driven models of service improvement
- interest in bringing about 'double devolution'
- a growing awareness of user knowledge – partly due to teh emergence of 'social media'
- waining local democracy
- a concern with 'personalising' public services
- pressure to increase efficiency and cut public spending.

The last point of which list is liable to be the most convincing.

Horne and Shirley (2009) argue in their Cabinet Office paper that 'Co-production should be central to the Government's agenda for improving public services because of... evidence of its impact on outcomes and value for money.' They note the evidence that co-production would improve outcomes; that people want to be more involved; and that involving them would lead to better value for money.

Large Spending Cuts are certainly on the way. Some areas of spending are likely to be 'ring-fenced' for political reasons. Which means cuts will fall disproportionately on non-ring-fenced areas – which includes all local council neighbourhood services (although the police and schools are likely to be more protected). The likely level of cuts in non-ring fenced areas is likely to be so severe that some services may have to be scrapped, or transformed, entirely¹.

¹ The story doesn't start with Gershon, or with localisation and devolution, or with the collapse and massive public sector bail out of the banks. The need for periodic adjustments in what the Welfare State delivers is actually inherent in the way the system is set up. This is because, as Boyle and Harris (2009) point out, spending on public services tends to increase demand for more of the same. With the benefit of 60 years experience of this in hindsight, it seems quaint that the Welfare State's architect, William Beveridge, in 1947 foresaw spending on the National Health Service actually falling after an initial peak - during which extant popular health problems would be dealt with).

The 'Preventative Approach' is the other main driver for wanting to invest in a co-production approach. Managerialism is based on continual improvement in terms of dealing with consequences of failures. Co-production is about producing savings in public services by investing in the capacity of communities and neighbourhoods to prevent the system failing. It is not just about 'investing to save'. Preventing crises, more importantly, is about forestalling human misery.

People Like Co-Production – according to a survey of public opinion in five European countries (Loeffler, Bovaird and others, 2008), people in the UK believe they can influence public outcomes by doing more themselves.

Percentage of people who say they believe they can make a difference to neighbourhood community safety, the local environment and their health:

Denmark	79
UK	77
France	71
Czech	70
Germany	64

The survey results also suggest that the level of citizen participation is already relatively high in the UK.

Percentage of people that say they 'often get involved' in public services

UK	56
Germany	53
Czech	52
France	51
Denmark	48

A significant number of people are willing to spend more time each week and month improving their neighbourhood, health and environment:

28% are willing to spend a few hours more each week

43% are willing to spend a few hours more each month

Only 29% say they are not willing to spend any time at all.

Neighbourhood services fit with a co-production approach - because co-production switches the emphasis from what public services do to what communities do. 'Health' isn't what's done in hospital and GPs surgeries, it is done in your neighbourhood and in families within it. What determines whether children get a good education is everything that happens *outside of school*, in your neighbourhood. The neighbourhood itself is a co-produced entity (it is what communities, rather than public services, make of a neighbourhood that matters).

The emphasis in studies on co-production however is often on areas like health, social care and education and - to some extent - on issues like anti-social behaviour (eg Horne & Shirley, 2009). These are areas in which:

- 1) there is a relatively straightforward and uncontested causal link between public behaviour and 'public service outcomes';
- 2) public agencies own data relating to outcomes and their 'cost' which is expressed in economic terms.

The focus on these specialised areas (in which public services play a relatively large role), however, has meant that more generic co-production – for example the way the core economy takes the lead in co-producing neighbourhoods – has been relatively neglected. Co-production has tended to be presented in a service-centred way and in terms of communities 'helping to deliver' 'public services'.

Most of the time, public services are only exceptionally involved in producing social outcomes; most is done through the core economy (or through private enterprise). This fact is obscured by studies looking at hospitals, schools and care homes, but is immediately apparent when looking instead at high streets, parks and open spaces, and into living rooms and back yards and the majority of locations that make up neighbourhoods.

Whether or not there is litter on the street, the rate of recycling, the quality of local air, the standard of local housing, whether there are gangs on street corners, whether your house is burgled or your car stolen and whether you feel happy where you live are only peripherally to do with the activities of the public sector. They are primarily to do with standards set by local communities and the activities of individual citizens and private businesses.

By looking into co-production in places where it is easiest to measure its effect – hospitals and care homes etc – researchers have tended to make the core economy look like an adjunct to public services. Co-production is actually an idea that potentially transforms our understanding of public service and the way we might design them. As well as playing down the transformative effects of co-production (looking at it as an add-on to public services, rather than vice versa), researchers have tended to write off the potential for co-production of some neighbourhood services.

For example, Horne & Shirley (2009) divide public services into:

- 1) relational services – which depend on relationships between producers and where co-production may be useful;
- 2) transactional services – in which the outcome of services depends on mechanistic transactions and to which co-production is irrelevant or inappropriate.

In reality all services contain an element of both. Services that might be considered ‘transactional’ – like pest control, waste collection, parks maintenance or employment training schemes – are areas in which relational aspects have tended to be most ignored - and hence where the potential for co-production may be greatest. Moreover, at least some of these services grow more ‘relational’ as the diversity of the community being served increases and as the aim of modifying public behaviour creeps into public policy. Consider waste reduction: if reducing and managing the amount of waste produced by a diverse inner city neighbourhood was as simple as providing more bottle banks, the answer would be straightforward and achievable by public services acting alone. It is not.

Co-production is usually presented as being appropriate in the provision of relational public services – as opposed to transactional services (Horne & Shirley, 2009). This, however, tends to ignore the relational component within transactional services and the trend for this to become more significant as local authorities and other public agencies tend to want to change public behaviour rather than simply deal with the consequences of it; and as the diversity of communities served widens. ‘Simple’ transactional services – like waste collection, benefits advice and management, rent collection and housing repairs, leisure and cultural services, parks management and the way public open space is managed are all growing more dependent on community relationships.

The potential pros and cons of co-production have been summed up:

Benefits	Risks
enables preventative work	loss of financial control & predictability
responsiveness	transition costs more
better coordination of services	viable supply side may not develop
drives professional culture change	professional intransigence
user control and responsibility	users may not have capacity

Successful co-production, in turn, feeds the development of social community networks (Boyle, Clarke and Burns, 2006) as the Balsall Heath Forum case study also illustrates.

4. What Would A Co-Production Approach Look Like?

Needham (2009) points out that co-production is not an 'off the shelf' model of service provision. Changes to structures are needed to embed an effective engagement with the underlying core economy. Horne and Shirley (2009) agree: co-production will be spread not by replicating specific practices but by structural changes within and between public services and between them and the communities they serve.

Empowerment is a key factor - Critically, it depends on having skilled staff who are able to share responsibility for decisions. The extent to which authorities *stop* people doing things is an important point to bear in mind (Mottiar & White, 2003). Public agencies are not – culturally – enabling organisations: they were mainly set up to limit or regulate aspects of the core economy (ie what would happen naturally without them). A successful co-production approach also depends on residents who do not believe they are simply the passive recipients of services; that they have assets and expertise; and that are also able to share responsibility for decisions. Community networks should be developed and used as means of communicating this view of residents as active co-producers of the places they share.

Within public service organisations, Horne & Shirley (2009) suggest four areas of work to promote co-productive capacity:

- Increase choice and control, for example by enabling more flexible application of budgets by neighbourhood managers and other front-line staff
- Enable peer support between community groups, for example by providing assistance to effective community networks
- Incentivise partnerships, for example in relation to performance management of neighbourhood and other staff
- Tackle 'professional culture' within public agencies, eg by recognising and valuing resident expertise and taking steps to re-balance decision making so that it is taken into account.

The choice of place is important - Mottiar and White (2003) studied policing in South African townships during a period of transition from the apartheid regime to democratic majority-rule. They described community policing as a form of co-production and noted that it is made harder, for example, when there is a high level of population turnover. Co-production may produce services which are narrowly for the benefit of one community or class and may even be damaging to others. By contrast, where there is a strong community – not necessarily homogenous, but well-connected and served by effective networks, then co-produced services may work very well.

Community policing was intended as interim measure in South Africa during the change after apartheid but has been retained because it is transparent and accountable. Mottiar and White also suggest that a high level of coproduction may be effective in times of external change.

The effective basis for co-production may change within a community as its circumstances change. In Birmingham, for example, there is apparent a high level of co-production within recent immigrant communities. 'Brotherhood' communities based on clan and village affiliations may serve newly immigrant families well. But after a while in the country, such narrow allegiances can become damaging to the prospects of youngsters in particular who will find skills, employment and life chances through wider and more integrated social networks.

The relationship between the level of change within a neighbourhood and affecting it from outside and the effectiveness of coproduction of services within it might be summarised:

Co-production is...	Low external change	High external change
High internal change	Not as effective	Effective, but changing
Low internal change	Effective, and static	Very effective

Potential difficulties in an effective coproduction approach include:

- Cynicism - As participants in the CPSP roundtable on Co-Production (2008) noted, co-production comes on top of many (failed) attempts at partnership with communities. These have left their own residue. Heralding a new age of coproduction also risks ignoring the extent to which partnerships in some service areas have already been effective.
- Flexibility - actions to enable coproduction are hard to scale or transfer from one neighbourhood to another (CPSP, 2008) because the characteristics of the core economy vary so widely from place to place. In fact, the core economy frequently flowers out of necessity, ie when public services have failed – as in the Balsall Heath case studies; or are at risk of being cut – as in the Cotteridge and Perry Common case studies. Rather than anything public agencies can do as such, it may be that investing in community networks – the capacity of communities to communicate with one another – may be the most effective way of transferring core economic capacity.
- Existing models - reform (as Boyle & Harris, 2009) highlight, commonly runs up against a narrow service-focused efficiency model. This is an approach to making cuts that frequently ends up costing (someone else) more. Difficulties in transmitting savings across the public-third sector interface are mirrored by the complexity of doing so between different public sector agencies. Boyle & Harris

(2009) quote from the experience of Jason Lowther, director of policy and delivery at Birmingham City Council, who said: “Parenting classes have been shown to work, and for every £1 spent by council, £4 comes back to public sector. But only £1 of this comes back to the council itself, so we spend £1 to save £1 – that’s OK, but not exciting. And the other partners get £3 back, for no action. So we are starting to have conversations about how we can get more payback.”

- Short-termism - the complexity of negotiations between public sector organisations is further scrambled by short-term financial horizons set by Treasury.

Finally, as Boyle, Clark and Burns (2006) point out, successful co-production is actually generally achieved outside the auspices and systems of public programs designed to achieve it. The core economy thrives often in spite of – and not because of – the systems used to deliver public services. A successful approach to developing co-production in neighbourhood services will have to be capable of strategic opportunism.

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