

A Report Commissioned as part of the BCC Community Asset Transfer Development Programme funded by AWM



Looking Sideways

A Community Asset Approach to Coproduction of Neighbourhoods and Neighbourhood Services in Birmingham

by Paul Slatter



Chamberlain Forum is the
neighbourhood think-and-do tank.

This report is written by Paul Slatter of
Chamberlain Forum, Keys Court, 82-84
Moseley Street, Birmingham B12 0RT

www.chamberlainforum.org

paul@chamberlainforum.org

tel: 07795 448 462



Report commissioned by Constituency
Services - Birmingham City Council
Housing & Constituencies Directorate

as part of the BCC Community Asset
Transfer Development Programme
2009-10 as funded by AWM

www.birmingham.gov.uk

Contact: Karen Cheney

Karen_Cheney@birmingham.gov.uk

tel: 0121 675 8519

Published by Chamberlain Forum
July 2010

Contents

Summary	7
Recommendations	12
Section 1 Coproduction in Theory	14
Section 2 Coproduction in Practice	32
First part presenting insights from research	35
Second part linking with other areas of policy	45
Section 3 Valuing Coproduction	59
Neighbourhood Equity Model	69
References	77

Appendices

- 1 Case Studies**
- 2 Alternative Approaches to Valuation**
- 3 Measures of Social Capital and National Indicators**
- 4 House Prices Variations in Birmingham**

Foreword - Councillor Ayoub Khan, Cabinet Member for Local Services and Community Safety

This report arises from work led in Birmingham around community asset transfer and coproductive activity, and in particular is part of the BCC Community Asset Transfer Development Programme 2009-10 funded by Advantage West Midlands. The Report has been prepared by Chamberlain Forum and reflects a commitment to drawing together theory with experience from practice not only to Community Asset Transfer but a much wider application. The resulting Report represents new and radical thinking, rather than a statement of policy or the views of any one particular organisation, and is written in the context of a wider exploration and dialogue around the potential for coproduction within neighbourhoods and neighbourhood services.

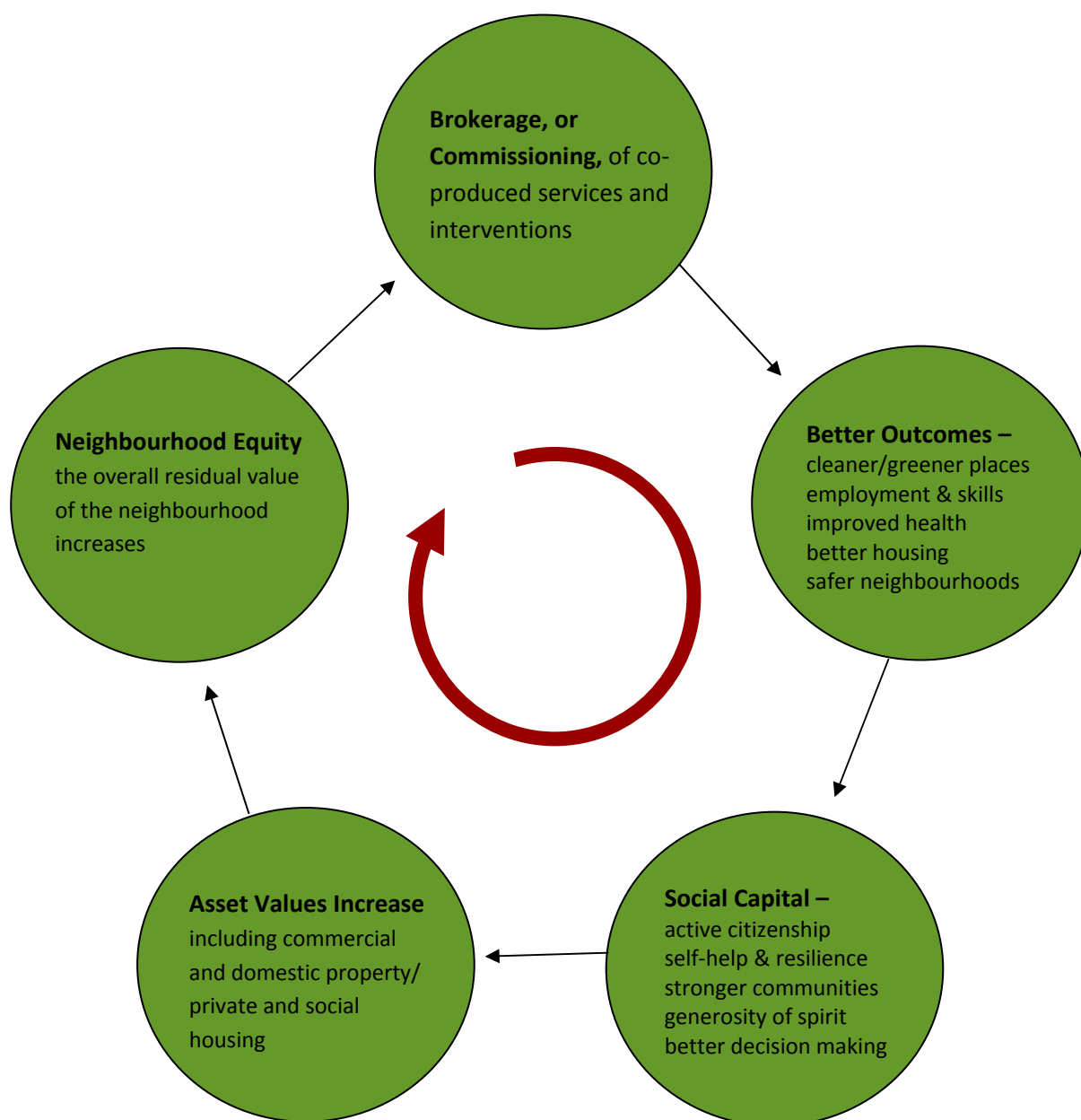
There is currently much consideration around the value and potential of coproduction in the wider policy environment and specifically within public services and local government. In part this builds on the evolution of this agenda from learning and practice in civic and civil realms across the globe but it also has been stimulated through the confluence of policy commitments via the new Government's ideas of a "Big Society" and the need to find new ways of delivering public services effectively and more cheaply.

The report is focused on how these ideas apply at a neighbourhood level. Birmingham over the last ten years has pioneered an approach to localism and neighbourhood working through a combination of neighbourhood agencies such as Balsall Heath Forum, Castle Vale CHA and Witton Lodge Community Association and through public sector applications of neighbourhood management. There have been significant gains for those who live and work in particular neighbourhoods in Birmingham as a consequence of this and there is a firm belief and commitment that such an approach linked in to macro regeneration and growth programmes is at the heart of building a "global city with a local heart."

One of the key challenges which partners, neighbourhood entrepreneurs and community networks are facing up to now is how do we build and sustain our efforts in neighbourhood working over the next 15 -20 years? Arising out of this is how do we consolidate and expand efforts made to date, recognising that funding within the public sector will be more limited and that radical approaches to mainstreaming neighbourhood working and identifying new investment models are required if the potential of this approach is to be fully realised? The Neighbourhood Equity Model put forward in this report, which is summarised in the diagram on the next page, suggests a sustainable way forward for neighbourhoods. It, like the rest of the report, is drawn from experience in Birmingham but will be of interest to cities and towns elsewhere.

Co-Production in Neighbourhoods: the Neighbourhood Equity Model

The diagram below sums up the idea behind the Neighbourhood Equity Model presented in this report. The brokerage or commissioning of public services coproduced between agencies and between agencies and communities leads to better outcomes which strengthen social capital. This leads to increased asset values – including the price of housing – and results in greater neighbourhood equity (the equivalent of the ‘share value’ of the neighbourhood). Wealth created in this way could be used to fund further coproduction.



Executive Summary

The Government, in its June 2010 Emergency Budget, has set out real terms cuts of between £83bn-£99bn in its total annual spending on public services of £387bn¹. Allowing for the ring-fencing of health, defence and international development, more than a quarter of spending on local government, policing, education, transport, social services and housing will be cut. These reductions are beyond the level which can be managed through service-based 'efficiency savings' and reconfiguring local strategic partnerships to save public money (rather than spend it in the form of Neighbourhood Renewal and Working Neighbourhoods Funds). The State is being 'rolled back'. And the rollback is starting in neighbourhoods. The whole way we think of public services and the part they play in making neighbourhoods may need to change. The challenge is to look beyond the management of individual public services and instead at how they work together, and with communities, to create more, or less, good places to live. As the local State shrinks, the only way it can gain influence is by working better with communities. Government calls this idea 'Big Society'. It requires better use of local assets and the local State to work *with the grain* of community interest. This is coproduction. It is the new Municipalism.

Central to this new municipalism in practice is the way the physical and intangible assets of a city or neighbourhood can be brought together productively. Birmingham's Community Asset Transfer Development Programme offers valuable lessons from experience. It has shown that: the utility of physical assets – land and buildings – *can* be increased by transferring their ownership and management to civil society groups; and that less tangible community assets – including community networks and organisations – play a key part in enabling the improved use of public assets. Community asset transfer plays a part in enabling and supporting coproduction.

Coproduction, however, does not mean simply handing over public assets and expecting public services to be staffed by volunteers. The idea that for every pound of public effort, a hundredweight of voluntary muscle might be added may sound appealing. It is misleading. Society' is not so mechanically operable. 'Behaviour change' is hard. Paradoxically, the instruments the State has easily to hand tend also to be the least effective.

¹ Excluding debt repayments and benefits, from HM Treasury 2010 Budget Red Book, June 2010

Key Findings

This report is on research into the theory, practice and measurement of coproduction in neighbourhoods and neighbourhood services in Birmingham. Key findings are:

1. Coproduction does deliver 'more for less'. That is: *more* in terms of the value of outcomes - not more narrow public service outputs; and *less* waste resulting from delivering services badly. The ability of public services and communities to coproduce depends on variables in both: it is a 'coefficientcy'. For agencies, the key to greater coefficientcy is more realistic communication; for communities, developing inclusive community networks – with effective neighbourhood hub organisations at their heart - are the priority.
2. Neighbourhoods are coproduced by communities, private and public services; coproduction is an element in the way public services are already delivered. Appreciation of coproduction, however, varies between public services and within public service organisations (eg 'front line' managers may have a better understanding of it than 'strategic' management buried within departmental structures). Rather than seeking a 'revolutionary coproduction approach' to work, public services should look at, and develop, their existing coefficientcy based on working out where and how they work well and where they do not.
3. Effective and well-networked neighbourhood community hub organisations play an important part in enabling community coproduction. Neighbourhood management promises likewise to improve the coefficientcy of public services. The common factor is the management of services by place rather than by 'theme' or function. Institutional approaches to coproduction (ie based within a given service or organisation) are less likely to yield potential coefficientcy savings.
4. The need for culture change in public services runs through this report like words in seaside rock candy. This is not a report on how to bring about cultural change, but there is a key insight: cultures are the result of organisational values; values depend on measurement. That is: what organisations measure and how they measure it, is what shapes their culture. Which is why this report identifies the measurement of coefficientcy and coproduced outcomes as a key issue. The Valuing Worth methodology – developed in Birmingham as part of Community Asset Transfer – is capable of development as a tool in measuring coproduced outcomes.
5. The value of neighbourhoods changes over time and can be gauged by increases in local house prices. Those neighbourhoods which score highly in terms of community empowerment are also those neighbourhoods in which the increase in house prices is steepest. The Neighbourhood Equity Model put forward in this report suggests that there is a causal link: that neighbourhood coproduction adds value to neighbourhoods. On this basis, there is a potential virtuous cycle of regeneration in neighbourhoods based on recycling some of the value added through neighbourhood coproduction to fund investment in community (and neighbourhood public service) coefficientcy.

Coproduction, in the context of neighbourhoods and neighbourhood services can be defined as: *The process of joining the total resources of public services and communities co-efficiently to add sustainable value to the neighbourhood.* Key ideas in the theory of coproduction are presented in Section 1 of this report. They are:

- *the core economy* – the communities, families, societies, networks and norms which make up the ‘social operating system’ on which public services and private enterprise depend;
- *public services are ‘hybrid’ products* – depending on both surface *and* core economies: the outcomes of neighbourhood services routinely depend on factors outside the control of public service managers;
- *production webs as opposed to production lines* - one neighbourhood service may have many by-products – which is why transplanting business process re-engineering from the private sector to public services, for example, can be particularly difficult;
- *community assets are widely distributed* – outcomes depend on resources, physical and social assets, that are spread throughout neighbourhood communities – it isn’t enough, for example, just to listen to ‘community leaders’;
- *neighbourhoods are shared by overlapping communities* – the ‘neighbourhood community’ is a key idea, but it is really made up of hundreds of communities. Overlap between communities reflects strong social capital (‘underlap’ – gaps in the social fabric – may reflect ‘social exclusion’ and lack of ‘community cohesion’ in neighbourhoods);
- *community networks build social capital* – that fuels the core economy of neighbourhoods. Public agencies have a direct interest in helping networks develop between community groups: community networks make work easier;
- *coefficientcy* – which this report uses as a shorter way of saying ‘coefficientcy of coproduction’. That is: the shared ability of organisations and communities to work together effectively. Coefficient solutions work ‘with the grain’ of organisational and community cultures;
- *public services as change agents* – that is: catalysts for communities to add value for themselves – as well as service deliverers and commissioners;
- *neighbourhood equity* – the combined residual value of a neighbourhood.

The second section of this report is on coproduction in practice in neighbourhoods and neighbourhood services in Birmingham - assessed through a set of seminars, case studies and other research. Looking at coproduction at neighbourhood level is like *looking sideways* at the product of public services including health, education and social security. How they come together at local level and with neighbourhood services like housing and constituency/local services determines their success.

The potential for coproduction rests to a very significant extent at neighbourhood level. The initiative behind increased coproduction can come from public services ('top-down'); from communities ('bottom-up'); or from both in tandem. Community networks play an important part in enabling community efficiency. Front-line managers and staff play a similar pivotal role in the efficiency of public services. 'Community hubs' (organisations that enable community networks to work effectively in neighbourhoods) have a significant role in enabling coproduction between public agencies and communities. Community Asset Transfer can play a key part in developing community hubs and in sustaining neighbourhood coproduction.

The range of *factors determining organisational efficiency* includes: seeing coproduction as a process, not a one-off project; valuing organisational intelligence; a community assets based approach; inspirational leadership; the capacity for honest, high quality and real time communication; 'putting the frontline centre stage'; the ability to engage in conversation rather than consultation; flexibility over boundaries; stressing value added; and a rational approach to risk management.

Organisational barriers to efficiency savings include entrenched 'professionalism' and bureaucratic and ineffective practices and management; the succession of short-term regeneration and community initiatives; too much focus on standardised one size fits all approaches; lack of trust, poor creativity, excessive risk-averseness and restricted scope for experimentation and innovation; short-termism; insistence on rigid models of accountability; and indifference to users and their views.

Effective investment in community efficiency is often achieved outside the auspices and systems of public programmes designed to achieve it. Successful strategies depend on clear thinking about incentives; valuing and listening to frontline managers and staff; being clear about the capacity and impact of behaviour change initiatives; investing in community networks; opening up new channels and spaces for communication, including social media; making data available; community asset transfer; and replacing the old mantra of 'he who shouts loudest, gets most' with 'who contributes most, gets heard clearest'.

The second part of section 2 considers links between coproduction/efficiency and other initiatives and areas of policy:

- *Community Asset Transfer* is a means of building the sustainability of community hub organisations that play a key part in enabling coproduction of neighbourhoods. Lessons learnt in the valuation of assets for transfer can be applied in the valuation of coproduced services.
- *Total Place* is an initiative that seeks to take a 'whole area' approach to public services. Like *neighbourhood management*, it is a coproductive approach which stresses outcomes, not outputs. Whereas Total Place focuses on coproduction between public service organisations and at district level, neighbourhood management focuses on service providers working with communities including by making it easier for communities to relate with 'joined up' neighbourhood public services.

- *Community Development* may have the effect of improving community efficiency, but it is not, necessarily, a coproduced service.
- *Strategic commissioning* is a coproductive approach. It aims to work collaboratively to engage people and communities in the design and delivery of services. Contracting out public services is, however, not necessarily a coproductive approach.
- *Personalisation* is not necessarily a coproductive approach although, in practice, it is likely to involve people in designing services.
- *Community Networks* are an essential part of increasing efficiency and strengthening social capital.
- *Local Democracy* – elected councillors have a pivotal role to play in representing community interests; drawing attention to under-used community assets; and advocating the neighbourhood perspective. Healthy, participative local democracy is an important part of community efficiency.

The final section of this report looks at approaches and issues in the valuation of coproduction. Valuation may be a more significant barrier to neighbourhood coproduction than organisational factors ('silos' etc) or issues to do with variations in service standards ('postcode lotteries'). The fact that coproduced solutions tend to lead to *preventive outcomes* – things that don't happen, because something else does – adds to the central problem of valuation: it is harder to justify spending on prevention than it is on 'cures'.

There is no standard and agreed way of valuing coproduction. In practice, the value of coproduction tends to be ignored because public services have a 'deficit approach' to communities: seeing them in terms of needs rather than in terms of assets. The *Valuing Worth* tool developed as part of Birmingham's Community Asset Transfer development programme is could be developed to provide a project-by-project appraisal of coproduction investment proposals in neighbourhoods.

More generally, this report describes a *Neighbourhood Equity Model* which treats neighbourhoods as if they were enterprises with the aim of increasing stakeholder value. Research into property prices in Birmingham neighbourhoods coupled with National Indicator scores collected on a neighbourhood basis, suggests an apparent correlation between areas with strong social capital and premium increases in property values. Experience in two areas with community-led neighbourhood management (both recognised as Guide Neighbourhoods) suggests investment in efficiency leads to increased neighbourhood equity:

- Balsall Heath has seen the steepest increases in inner city Birmingham housing prices over the last 10 years resulting in a £360m 'premium' increase in the value of the neighbourhood over and above similar areas ;
- Castle Vale has seen the steepest increases in outer city Birmingham housing prices over the past 10 years resulting in a £93.6m 'premium' increase in neighbourhood value.

Recommendations

1. ON COMMUNITY ASSETS, Birmingham City Council, BeBirmingham and civil society groups are recommended to link the transfer of physical assets to the development of community hubs and improved efficiency.
2. ON COMMUNITY HUBS, Birmingham City Council, BeBirmingham and civil society groups are recommended to develop objective standards for community hubs and networks; to review the capacity of existing and potential community hubs and networks in the city; and to support their development including through co-location and secondment of staff etc.

Registered Social Landlords in the city in particular are recommended to review the scope for rationalisation of housing stock in some neighbourhoods and the development of alliances with potential community hub organisations including development trusts and neighbourhood forums.

3. ON VALUING WORTH, Birmingham City Council and Advantage West Midlands are recommended to develop and promote the use of the Valuing Worth tool in making decisions about efficiency savings more generally.
4. ON THE NEIGHBOURHOOD EQUITY MODEL, Birmingham City Council, BeBirmingham and civil society groups are recommended to carry out further research into the links between social capital and neighbourhood property values and to apply the neighbourhood equity model in neighbourhood management.

Birmingham City Council Housing Department, the Municipal Housing Trust and Registered Social Landlords in particular are recommended to value their housing stock on a neighbourhood/estate basis and look into using this value as a measure of neighbourhood performance.

The Department for Communities and Local Government (DCLG) and HM Treasury are recommended to look into the potential for enabling local authorities to develop schemes and relevant financial instruments, including neighbourhood investment districts and neighbourhood bonds to enable the use of the neighbourhood equity model in regeneration.

5. ON EFFICIENCY, Birmingham City Council, BeBirmingham and civil society groups are recommended to look into a formal process whereby citizen groups could challenge public sector practice and demonstrate how it could be improved; introduce Performance Accountability in public services and develop ways of 'putting frontline centre stage' in decision making about service improvement; and look into the development of a 'data donor card' for citizens to enable data sharing between public

agencies and civil society. Further, they are recommended to support the development of community efficiency through the actions on community hubs and community networks outlined in this report and by promoting effective technical aid for, and mutual working between, civil society groups and target efficiency savings where there is greatest potential:

	<i>Least potential for savings</i>	<i>Greatest potential for savings</i>
approach based on managing...	<i>services</i>	<i>places</i>
area basis...	<i>city-wide</i>	<i>Neighbourhoods</i>
frame of reference is...	<i>short-term and specific</i>	<i>longer-term and general</i>
communities are...	<i>isolated</i>	<i>Integrated</i>
services are	<i>specialist services to individuals</i>	<i>general services to localities</i>
there is a high level of ...	<i>change within communities</i>	<i>change affecting communities from outside</i>

6. ON STRATEGIC COMMISSIONING, Birmingham City Council, BeBirmingham and civil society groups are recommended to pilot the use of community hubs as ‘prime contractors’ in shaping and organising the supply of public services through the work of small and local civil society groups including neighbourhood forums and self-help groups and set out (possibly as a reformed Compact agreement) a clear practical rationale for community involvement; the value added to public sector initiatives through the work of: the organised voluntary sector; and wider civil society; and the means and failsafe mechanisms by which voluntary and civil society groups can work with the local State to improve quality of life.
7. ON PRACTICAL NEXT STEPS, Birmingham City Council, BeBirmingham and civil society groups including Guide Neighbourhoods are recommended to agree a number of neighbourhoods in which to pilot the work needed to take forward the recommendations made in this report; develop an approach to assessing the potential for improving efficiency in neighbourhoods and for developing neighbourhood hubs; and to organise an event to present - and draw together thinking on taking forward - the recommendations of the report.

Section 1: Coproduction in Theory

1.1 An Initial Definition

Coproduction 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 the leading expert in what economists call 'common pool resources' and 2009 Nobel economics laureate, Elinor Ostrom. Ostrom made studies of collective action in both the developed and developing world: pasture management in Africa; and irrigation engineering in Nepal. In the 1970s she studied 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 (Ostrom, 1973). *Centralised policies adopted by public agencies and applied 'top down' without reference to communities and existing community assets actually tend to disrupt variables like 'co-operation' and 'trust' which help to determine the effectiveness of collective action.*

1.2 The 'Core Economy' and Time Currency

The Core Economy is a term coined by economist Neva Goodwin (2003) and developed by US civil rights lawyer and social activist Edgar Cahn to explain how private enterprise and public services both depend on underlying activities and norms supported by wider society. According to Cahn, the core economy consists of all those activities run informally by

families and communities. The motive force of core economic activities is 'love' or 'emotional affiliation', not profit (Cahn, 2000).

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 essential resource we invest in families and communities. Cahn set up the Time Dollar Institute in Washington DC in the 1980s and has pioneered the development of Time Banks and, specifically, the use of time dollars in youth justice and in providing legal aid.



Time Banking

A time bank is a way of organising, extending and promoting self-help and social networks between citizens and/ or between citizens and public services. Participants 'deposit' their time in the bank by giving practical help and support to others and are able to 'withdraw' their time when they need something done themselves. In a time bank, everyone's time is valued equally: one hour = one credit.

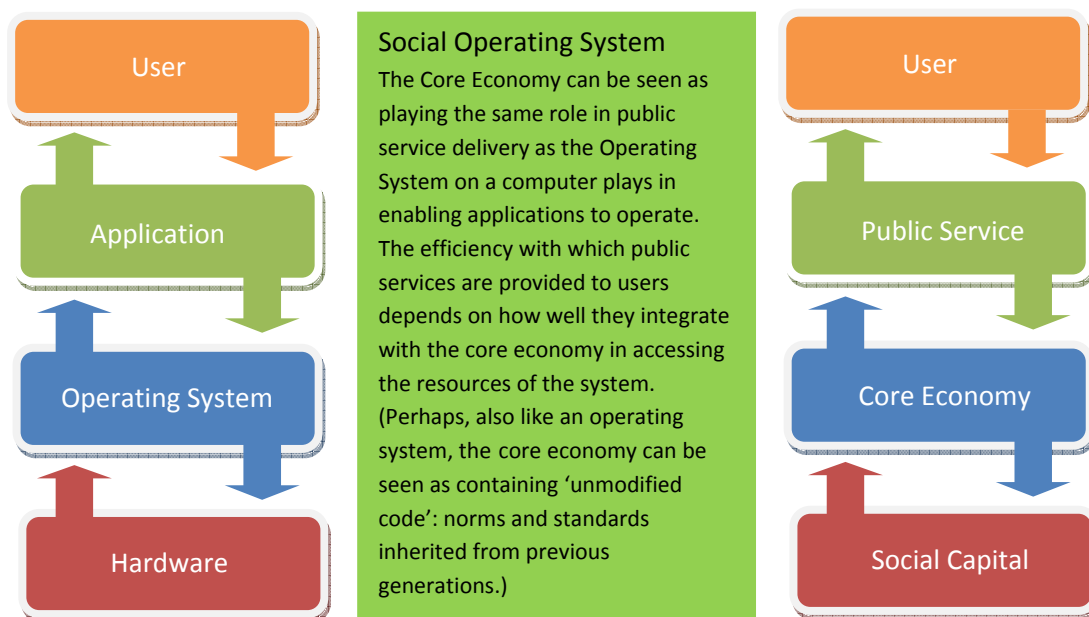
In the person-to-person model, a 'broker' (who could be a paid worker) facilitates and records exchanges between individuals and develops the membership. The time bank could be run as a stand-alone organisation or as part of a resident or community group. For example, a neighbourhood forum or a community development trust could run a time bank. The broker could be a paid worker employed by a public service agency or a voluntary organisation or could be a volunteer contributing their time organising the bank in exchange for bank credits.

The person-to-agency model is useful when a public service wants to enlist people to contribute to its aims. Citizens that spend time helping the organisation are rewarded with time credits. A Housing Association could, for example, pay time credits to residents who spend time making the estate a better place to live. These credits could be traded between citizens as a local currency and, eventually, used to 'buy' use of community facilities, training, cultural or leisure activities provided by the Housing Association or even to pay for part of their rent.

For more information about time banks see www.timebanking.org which is the umbrella organisation for time banks in the UK. In Birmingham, community network Comm:Pact is being supported by the Ward End and Pelham neighbourhood manager, Christy Acton (tel: 07818510805 email: christy.acton@birmingham.gov.uk), to establish a time bank in the neighbourhood.

1.3 Core Economy as the ‘Social Operating System’

Cahn (2000) suggests an analogy between the core economy and a computer operating system: the computer software that manages the way different programmes use the computer and regulates the ways that a user can control it. Like Microsoft Windows or the MAC Operating System, the core economy underpins the applications we use to get jobs done: word processing, spreadsheets, email or browsing the web in the case of computers; effective public services and private enterprise in the case of the core economy.



To work efficiently and effectively, applications (in computer systems) and services (in social and economic systems) need to use the beneficial features of the operating system: to ‘work with the grain’ of the underlying system. Working in this way is coproduction. Coproduced public services are efficient and effective because they integrate well with the underlying core economy. Working ‘against the grain’ or trying to ‘engineer’ the underlying core economy to fit in with services is less efficient, more wasteful and harder to sustain.

1.4 The Surface Economy

In the UK, coproduction tends to be presented in terms of public services and how well they fit with the community’s core economy. We focus on the interface between the Welfare State and ‘the community’. Although Ostrom’s work looked at shared environmental resources and public services like policing, there has been more attention paid in the US to links with private enterprise. In fact, the core economy supports private enterprise as well as public services: the production of wealth as well as welfare.

Businesses, like public services, are also more efficient when they integrate effectively with underlying social norms. Public service and private enterprise, together, form a ‘surface economy’ - the coproducing counterpart of the underlying core economy.

Thinking of private enterprise as part of the surface economy gives a rounder picture of the extent, significance and *limitations* of the core economy. It was these limitations – particularly those relating to the valuation and exchange of goods that led to the rise of the private sector. The table below sums up some of the differences between goods and resources in the two economies and gives examples of resources that are important in either:

	<i>In the surface economy:</i>	<i>In the core economy:</i>
Currency used is...	<i>money</i>	<i>time</i>
Goods exchanged...	<i>using markets</i>	<i>through barter and negotiation</i>
Resources are...	<i>tangible, easy to account for</i>	<i>often invisible</i>
Value of a good...	<i>is easily abstracted as a price</i>	<i>varies and is hard to abstract</i>
Examples of goods and resources...	<i>clothes building materials food and fuel savings and loans shops entertainments farms data tax</i>	<i>identity homes family trust and confidence communities culture country wisdom duty</i>

Core economic assets are hard to exchange; often intangible; and hard to put an agreed value on. The core economy, however, not only underpins both wealth creation and public service delivery, it persists even in those places in which the surface economy has worn thin:

- In neighbourhoods where welfare services are poor, there is still Welfare - provided by families and communities; unions and clubs; churches, mosque and gurdwara.
- In neighbourhoods without employment, there is still work being done - social and street enterprise, often untaxable (and therefore not measured), sometimes illegal and much of it buried in the core economy in the form of ‘helping out’ friends and family.

1.5 ‘Hybrid Products’

Public services (and private enterprise) depend on underlying core economic resources: personal identity; family; community; trust and confidence; culture. Schools can’t educate children that don’t want to learn from families who don’t care whether they do or not. Neighbourhood public services don’t work effectively unless they work with the grain of the communities that they seek to serve. Public service outcomes are ‘hybrids’ depending on public sector and community resources and organisation:

Outcomes depend on (*Public sector management, Public sector resources, Community resources, Community networks & organisation*)

To be successful, services need to draw on surface *and* core economic resources, including:

Surface resources	Core resources
<i>Budgets</i>	<i>time</i>
<i>Plans</i>	<i>community networks</i>
<i>reports and journalism</i>	<i>social media</i>
<i>trained staff</i>	<i>active citizens/ resident experts</i>
<i>laws and regulations</i>	<i>how we behave ‘around here’</i>
<i>buildings and equipment</i>	<i>shared spaces and know how</i>
<i>Accountability</i>	<i>Respect</i>

So, for example:

- although ‘policing’ is thought of as a public service, ‘community safety’ - feeling safe, not being threatened by crime and anti-social behaviour - is a hybrid product of policing and core economic assets like ‘neighbourliness’ and ‘community’;
- football clubs are managed as private enterprises and sell the TV rights to cover big matches to global corporations but, without supporters and viewers - the loyalties, codes and rituals; the collective memories and myths of past victories, honours gained and lost – any football match is just 25 people on a field playing with a ball.

How well the two types of resource can be brought together depends on the ease with which they are aligned; the extent of ‘friction’ between them. This sort of measure of how well two things work together is called a ‘co-efficiency’.

1.6 'Social Effect': By-Products and Externalities

Surface economic activities (from policing to televised football) not only draw on core economic assets, they also affect them. The way, for example, a neighbourhood is policed affects the levels of trust and confidence of the communities that share it. The social effect of surface activities (like policing) can be thought of as a by-product. Which can be beneficial, for example if neighbourhood tasking increases the confidence of local communities and encourages more people to believe they can influence local decisions, then it could be seen as a further beneficial good or by-product. If the social effect is deleterious, for example if policing is heavy-handed or inconsistent or appears to bear down unfairly on some sections of the local community and that results in less trust and strains community networks, then it is usually treated as an externality: a cost that is left off 'the balance sheet' and not taken into account in assessing the success of the approach.

1.7 Production Webs

The wider social effect of the way public services are delivered can be hard to predict, or measure. Public services are not administered to communities in isolation. What the local health service does, for example, has a social effect which may undermine the way the local authority is working and vice versa. Within the same public service provider organisation, there are frequently separate departments and directorates which act as 'production lines' for public services. That is, they produce services without reference to their hybrid nature and without attempting to manage their social effect or the way they come together for citizens and communities. Such production lines dedicated to (and re-engineered to perfect) the delivery of a single service:

- are inflexible - there is minimal potential for customisation or *variation*;
- often 'turn out' poor quality services (that is services that are not fit for function);
- (nonetheless) meet public sector 'efficiency targets' written in terms of annual percentage increases in the *quantity* of service output.

Given that all services are, to a varying extent, coproduced (they are hybrid products) and have a social effect, it would be more accurate to see the machinery involved in their delivery in terms of 'production webs' as opposed to production lines. That is: any service is the product of a complex set of processes and uses assets which are distributed between many different agencies and communities.

What's *Wrong* with Efficiency?

Frederick Winslow Taylor, born in the mid-19th century, was the American engineer regarded as the father of scientific management, one of the first management consultants and the intellectual leader of the 'Efficiency Movement' which held that inefficiency in industry and society at large could be removed by the rule of experts. In formulating management as an academic discipline, Taylor invented 'scientific management' - a tool for greater efficiency.



Scientific management shifts decision making from employees to managers; focuses on finding the one best way of doing any task and standardising it regardless of human factors. The production line is its apothecic form: here tasks are made more efficient by progressive standardisation, specialisation – and 'deskilling'.


The problem with such a focused understanding of efficiency is that it leads to inflexibility. The production line is so highly specialised that, if circumstances change, it must be partly dismantled before it can adapt its products. Business process re-engineering – designing whole organisations like production lines – tends to elevate narrow efficiency over flexibility. The result is inefficient and unintelligent organisations: instead of learning and changing organically, they need continual overhauls and reforms pressed on them from outside.

In practice, efficiency is rarely a product of an organisation in isolation. It is more useful to think about 'co-efficiency': the extent to which an organisation is able to produce efficiently with others in the range of future environments in which it is likely to operate. Efficiency means continually reforms and designs based on managing the past; co-efficiency means enabling organisations to manage for the future.

In future, public services face changed circumstances increasingly frequently. Regular year on year efficiency savings earned on the basis of managerial controls, deskilling and specialisation will make public services like the production lines of some car companies: inflexible and – in the long run – ruined. Organisations that are unable to meet the *changing* needs of their customers are neither intelligent, nor – in the long run - efficient. Real, sustainable efficiency depends on organisations being able to work more flexibly in webs, sensitive to complexity; looking to increase their capacity to take opportunities strategically; seeing how services come together at the point of use (in neighbourhoods and households); and *learning* about change as it happens, rather than waiting for the report.

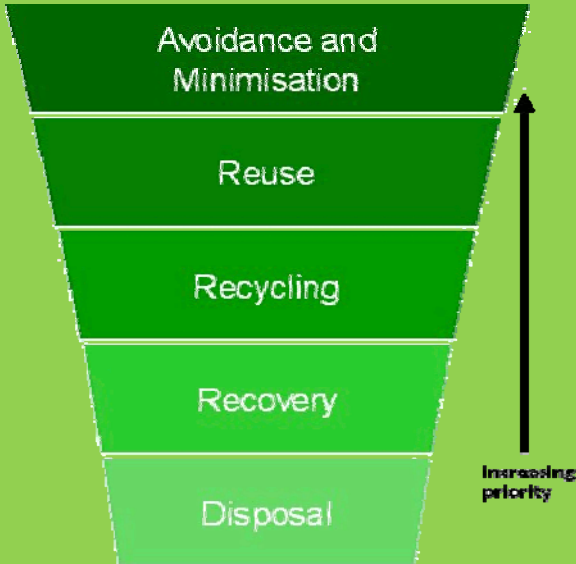
1.8 Distributed Assets in Coproduction

The assets and processes that are used to produce a public service are distributed amongst different public agencies, private enterprises and within different communities. In some areas of public service (like waste management, below) the distribution of assets (and responsibility) has been recognised and is reflected in the way strategies are prioritised:



Coproduction in Municipal Waste Management

Managing the waste material produced by domestic and commercial activities is an important local public service. The waste minimisation hierarchy (below) is a way of classing strategies for dealing with waste.



The priority order is based on the level of energy reduction associated with each of the strategies. Avoiding waste in the first place is the most energy efficient, and so on. The hierarchy also neatly reflects the degree of coproduction involved in different waste strategies. Those, like minimisation and re-use, which figure with a high priority require a relatively high degree of involvement on the part of households and private business. Strategies which are less dependent on coproduction are found lower down the hierarchy.

Using this approach, total UK domestic waste decreased by 1.2m tonnes (4.1%) last year of which 1m tonnes was due to reduced household waste; the recycling rate increased from 34.5% to 37.6%; and 1.7m tonnes less waste was sent to landfill. Average residual waste per head decreased from 324kg to 295kg in 2008/09 (DEFRA, 2009). It is an example of how coproduction changes the way in which a service is delivered – instead of just ‘emptying the bins’ (into landfill), local authorities are working with their customers to reduce and re-use waste resources. It has led to sustainable year on year improvements in underlying service *outcome* (ie minimising wasted resources) as opposed to service output measures (emptying more bins).

Do public services exist to ‘empty the bins’ or to help people manage better in the future?

1.9 Communities and Community Involvement

Communities are groups of people and organisations that identify as sharing a common bond or asset². In neighbourhood communities, the common bond is the local environment: homes, roads, shops and businesses and all the rest of the local surface economy that populates the area. Neighbourhoods are defined, however, not only by the presence of surface level assets – like a post office or a parade of shops – but by a shared sense of where the boundaries lie: the functions of a city being distributed ‘naturally’ in neighbourhoods (Mumford, 1954). A natural neighbourhood – depending as it does on neighbourliness, rather than top-down planning - is a core economic concept.

Neighbourhood communities are, however, not the only communities found in neighbourhoods and are not limited to poor or deprived neighbourhoods. *Every* neighbourhood is shared by tens, maybe hundreds, of overlapping communities reflecting the structure of the local core economy: communities built around institutions, like schools; many and varied communities of interest; and communities of sub- localities within neighbourhoods – the housing block or cul-de-sac, for example.

The assets needed to coproduce neighbourhood public services may be distributed amongst the communities within a neighbourhood. They may include surface economic assets – like community-owned buildings and land, or sets of skills. They also include core economic assets like trust and confidence, ‘community spirit’, ‘neighbourliness’, ‘culture’ and the capacity for self-help and self-reliance – what Putnam (2000) called ‘social capital’. That makes ‘community involvement’ a priority for public services *because it enables them to join up the assets they need to make sustainable improvements in the outcomes of their services.*

Public services need to involve the right communities at the right time: involving those communities with the assets needed to deliver improved service outcomes. (Which is not, necessarily, the same as those communities with recognised or accessible ‘community leaders’ recognised by public agencies.)

Unfocused and general ‘community involvement’ (based on the notion that people ‘having their say’ necessarily leads to a better outcome) is not much more than what Arnstein, in 1969, called ‘therapy’. The idea being: it may make participants feel good in the short term, but - long term - it raises expectations that are not sustained. This sort of community involvement is treated as an add-on to the main job in hand. Instead, community involvement should be seen as, and treated as, part of the mainstream mix.

² The word ‘community’ is derived from the Latin *communities* (*cum*, "with/together" + *munus*, "gift"): ie, ‘a gift in common’.

Cooking with Community Involvement



American sociologist Sherry Arnstein came up with the idea of a ladder to represent approaches to community involvement as successive rungs towards 'citizen empowerment' 40 years ago. But is 'empowerment' *always* the ultimate aim of community involvement and is more community involvement *always* the right thing? The coproductive approach to public services suggests community involvement is more accurately seen as an ingredient in public services.

As with any ingredient, it is not enough to know that you need it. You also need to know how much you need and of what sort, when to add it and how to use it best (and where to get it from). Community involvement isn't like cream that you can add to a cake to decorate it after it is cooked. It needs to be, like baking powder, in the mix at an early stage.

Treating community involvement as an ingredient in public services means, for example:

- *Saying 'We think involving communities is important but in hard times we just have to concentrate on delivering the service' is as nonsensical as trying to cut the cost of a cake by leaving out the baking powder.*
- *Treating community involvement as an expensive one-off project would be like buying a big jar of baking powder but keeping it at the back of the cupboard instead of using it.*
- *Adding more community involvement (and at the wrong time) won't improve the mix - and may lead to a less palatable result.*

Understanding coproduction and the way that public services are produced as hybrids of surface and core economic assets means seeing community involvement as an active ingredient in producing public services. It contributes to achieving mainstream outcomes and relates closely to what Sophia Parker and Joe Heapy (2006) call 'putting the frontline centre stage' because the frontline of public services is where community involvement happens most frequently and coeffectively.

1.10 Community Networks

Social networks based on family and kinship were highlighted famously by Michael Young and Peter Willmott (1957). The strength of social networks based on community as well as family affiliations has been presented as a key factor in the strength of the core economy (Cahn, 2000) and social capital (Putnam, 2000). Representing a set of connections between individuals and organisations, community networks work:

- 1) 'horizontally' – enabling citizens and community groups to link with others in order to gain information, communicate and jointly to deliberate;
- 2) 'vertically' – enabling citizens and community groups to link with larger organisations including public authorities and service providers for the same purposes and, frequently to gain funding and influence in local decision making.

People use social and community networks to find employment, childcare, security and fellowship. 'Social exclusion' is, in effect, exclusion from community networks.



Community Network Assessment Framework

The Community Network Assessment Framework is a tool developed by Community Network 4 Birmingham which sets out to help assess community networks in terms of whether they are: open, honest, effective, inclusive and sustainable which it defines:

- open - welcoming, accessible and not 'hidden' or made difficult to approach and understand
- honest - having integrity and being accountable
- useful - having influence and enabling shared working and the sharing of skills and information
- inclusive - lacking prejudice, valuing and supporting difference and able to meet members' needs flexibly
- sustainable - having the resources, policies and intelligence to be able to manage change and carry on

The tool is designed to be used in self- or peer-assessment: network members could use it as the starting point for improving the capacity of their network.

For more information about the Community Network Assessment Framework contact Tippa Naphtali, CN4B, Chamberlain Forum, Keys Court, Moseley Street, Birmingham B12 0RT tippa@cn4b.net or see www.cn4b.net

From the point of view of public service providers, community networks are valuable also as ways into the local core economy and of accessing the distributed assets needed to coproduce services:

- Developing the ability of community networks *vertically* means improving the bandwidth of communication between public authorities and service providers and communities.
- Developing the reach of community networks *horizontally* - stitching networks together and increasing their ability to reach further - decreases the potential for social exclusion. It is vital because it is often hard to predict who service providers will need to involve in future. Listening to 'outsider' voices often yields bits of information not gained by listening to recognised 'community leaders'.

Whereas unfocused community involvement or development of particular groups over others can be counter-productive, investing in extending open, honest, effective and inclusive community networks enhances the capacity for coproduction.

1.11 'Co-Efficiency'

The production of all public, and private, goods and services is based in some part on the use of core economic resources. All public services are coproduced; but not all public services are coproduced equally. This makes a twofold problem in talking about a 'coproduction approach' or 'applying coproduction' to a given public service. First, since every service is to some extent *already* coproduced, 'applying coproduction' would have to take account of how, and how effectively, it is currently done. Second, taking a 'coproduction approach' is unlikely to be a simple question of changing the way that a service is disposed and managed in isolation: changing the dynamics of coproduction, implies managing beyond the bounds of a single organisation. We need words for what goes on in and between organisations and communities that results in more or less effective coproduction: the tendency, for example, to organisational 'friction'.

Successful coproduction involves bringing together surface and core economic agencies – eg public service organisations and communities – without spending large amounts of energy overcoming the friction between them. Factors that determine the frictional force between organisations; between communities; or between organisations and communities may resemble those that influence the friction between physical objects, eg:

- mass and the angle of motion –organisations may bring a heavier or lighter weight to bear in the form of bureaucracy, for example, and the frictional force also depends on whether ;

- temperature – the ‘warmth’ of the environment affecting both parties can play a part: too cold or too hot
- velocity – the speed with which things are already moving: it usually takes more energy to overcome ‘static friction’ (to get things to move in the first place) than it does when there is already movement between the surfaces;

Friction and Efficiency



Friction is ‘the resistance an object encounters in moving over another’. The force of friction is always exerted in a direction that opposes movement, or potential movement, between the two surfaces. The energy spent in overcoming this frictional force is manifested, for example, as heat and sound.

Engineers refer to the ratio of the force pressing two bodies together and the force of friction between them as a ‘coefficient’ of friction. In practice, frictional force depends on two sets of dependent factors:

1. Internal factors to do with the materials – their mass, temperature, phase (ice, for example, as opposed to water), velocity, electrical charge and magnetism as well as the angle at which they are moving in relation to each other;
2. External factors to do with the surfaces – whether they are ‘sticky’, rough or smooth; the atmosphere between them and whether they are lubricated by a fluid layer; and their surface pattern (eg, in the case of the tread on car tyres).

Friction occurs also between surfaces within objects: internal friction likewise gives rise to heat and sound etc and acts as a limit on mechanical efficiency (the ratio of useful work done by a machine to the energy input to it):

$$\text{useful work done} = (\text{energy input}) - (\text{heat and sound etc due to friction})$$

Efficient organisations are designed, inside and out, to reduce friction.

- electrical charge and magnetism – unseen factors to do with differences in the ‘charge’ or outlook of individuals (atoms) making up the two bodies can act as a brake;
- stickiness – the interface between organisations and communities may be stuck or welded tight – maybe as a result of past attempts at movement;
- roughness – the surface relationship between the two may, alternatively, reflect underlying differences between them;

- atmosphere – worth bearing in mind that co-working doesn't often happen in a vacuum: there may be elements in the atmosphere that either help (eg as lubricants) or hinder progress or its visibility;
- lubrication – fluids that sit between the two surfaces: money and goodwill can act like lubricating oil;
- surface pattern and porosity – specific arrangements and practices that operate to allow lubrication to flow effectively.

Reflecting these factors, a 'coefficient of coproductivity' could be construed as the equivalent of the coefficient of friction in a physical system (as a measure, in other words, of the capacity for coproduction between two organisations or communities). As in the physical analogy, the coefficient reflects the efficiency of the relationship between the two. To put it another way, 'coefficient' could be defined:

$$\text{coefficient} = (\text{value added by coproduction}) / (\text{resources used})$$

The idea of coefficient enables us to be more specific than talking about 'taking a coproduction approach' or 'applying coproduction'. Increasing coefficient means increasing value for money and it can be done by changing factors to do with an organisation, a community or the way they interact (the 'surface' factors in the friction analogy). There may be interventions that will improve the general coefficient of an organisation or community.



VOICE and ECHO: Tools for Increasing Coefficiency

VOICE is a tool which helps community groups and networks to assess and improve the influence they have on agencies and partnerships. It looks at the existing capacity to influence and how influential the group feels. Using VOICE could be a way of increasing the general coefficient of a community, group or network.

ECHO is the equivalent tool for public agencies to use to consider how open they are to community influence, in relation to their potential to respond to that influence. Using ECHO could, likewise, be a way of boosting the coefficient of public service organisations. VOICE and ECHO reflect the fact that increasing coefficient means changing the way both communities and public services are organised. Courses are currently being organised for Birmingham as part of the Take Part Programme.

Further details about VOICE and ECHO from Changes UK www.changesuk.net or from Karen Cheney at Birmingham City Council Karen_Cheney@birmingham.gov.uk tel: 0121 675 8519

1.12 Coproduction: More Than 'Just Managing'

Current interest in coproduction reflects a level of disillusionment with the 'cradle to the grave' Welfare State – already seen as centred on the interests of the providers of welfare by the early 1980s (Bovaird, 2007) and successive attempts to 'reform' and 'modernise' public services, including those:

- Aiming to extend 'consumer choice' undertaken by the Conservative government (1979-1997):
 - the introduction of Best Value and Compulsory Competitive Tendering (CCT) of local authority contracts;
 - the Local Management of Schools (LMS) and the formation of Arms-Length Direct Service Organisations separating service delivery and policy functions within local authorities;
 - de-Regulation and privatisation and franchising of certain services;
 - the creation of 'internal markets' in the NHS and in other public services;
 - the introduction of voucher schemes and league tables in education designed to give public service users 'purchasing power' and the information to use it to influence the delivery of some services
 - the idea of the 'Enabling Authority'.
- Designed to 'modernise' the management of public services introduced by New Labour (1997-2010). This 'modernising agenda' for public services has tended to stress centralised targets, 'deliverables' and a managerial approach to 'customer relationships'. The role and importance of informal knowledge; self-help; mutual aid; and community networks have been played down (Boyle & Harris, 2009).

The rebirth of interest in coproduction (according to Needham, 2009) is due to:

- a crisis of faith in the managerialist target based and process driven models of service improvement ;
- the desire to devolve decision making;
- a growing awareness of user knowledge – due, for example, to the emergence of 'social media';
- a concern with 'personalising' public services;
- pressure to increase efficiency and cut public spending.




Horne and Shirley (2009) reflect this last point in their Cabinet Office paper arguing that 'Coproduction should be central to the Government's agenda for improving public services because of... evidence of its impact on outcomes and value for money.' Written in this way, coproduction could be the latest managerial buzzphrase: a fresh means for producing efficiency savings at a time when budgets are under threat.

Alternatively, coproduction is part of completely different approach to managing public services: a mutualist approach; as distinct from New Labour managerialism as it is from market-based ‘consumer choice’; a kind of ‘mass localism’ to take the phrase used by Laura Bunt and Michael Harris in their recent discussion paper for NESTA (2010). They say:

Mass localism depends on a different kind of support from government and a different approach to scale. Instead of assuming that the best solutions need to be determined, prescribed, driven or ‘authorised’ from the centre, policymakers should create more opportunities for communities to develop and deliver their own solutions and to learn from each other.

The idea of ‘best practice’ and attempting to apply ‘scientific management’ to public services looks suddenly dated. Here is a diagram based on Tony Bovaird’s matrix (2007) of how professional-user relationships look given the different approaches:

		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	Managerialist service delivery with user involvement in planning	‘Experts on tap’ Users design services - professionals deliver them
	Professionals and users and communities	Community delivery of professionally designed services	Mutualist service delivery with coproduction	Technically aided community planned services
	No professional input	Voluntarism – state designs services and commissions third sector to deliver them	Voluntarism with service user involvement in planning	‘Primitive mutualism’ or ‘self-help’

KEY:	
	managerialism
	mutualism
	voluntarism

1.13 Neighbourhood Definition of Coproduction

This report took Elinor Ostrom's definition of coproduction as its starting point. It introduced Neva Goodwin's idea of the 'core economy' and how that idea has been applied and developed by Edgar Cahn. The core economy is like a 'social operating system' with a surface economy of public services and private enterprise dependent on it as 'hybrid' products - drawing on both surface and core economic assets. The report has looked at production webs and distributed assets and has defined 'community' and explained the need to mainstream community involvement and to extend community networks. 'Coefficientcy' has been defined as the capacity in organisations and communities to coproduce and the need to look beyond managerialist and service-specific approaches has been identified.

Before moving on to look at coproduction of neighbourhood services in practice, it is worth taking a further look at definitions of coproduction. They fall into two camps:

- generic definitions in which the focus of coproduction is on *transformation, power* and *outcomes*, for example defining it as -
 - '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' (Horne and Shirley, 2009)
- institutional definitions that focus on *service provision* and the *contributions* made by different partners, so that coproduction has also been defined as:
 - 'a form of service delivery where citizens act in conjunction with public entities to provide a service' (Mottiar and White, 2003)
 - 'provision of public services through regular, long-term relationships between state agencies and organised groups of citizens, where both make substantial resource contributions' (Joshi and Moore, 2003)
 - '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' (Bovaird, 2007).

David Boyle and Michael Harris (2009) brought together ideas of change and public service and added the notion of place – *neighbourhood* - to their definition: 'Coproduction 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.'



Catalysts: 'Agents of Change'

A catalyst is a substance that changes the rate of a chemical reaction without being consumed by the reaction itself. There are parallels between the way that catalysts work and the idea of 'change agents'.

Chemical catalysts are divided into two groups. 'Heterogenous' catalysts work by providing a surface of 'active points' at which the reaction occurs more quickly. 'Homogenous' catalysts chemically combine and recombine so as to reduce the energy needed to get the reaction going.

Public services may act as change agents in neighbourhood coproduction, working in the same way as chemical catalysts, either:

- providing many 'active points' at which change can take place – their effect being proportional to their surface area (hence why, for example, the platinum in a catalytic convertor is coated onto an underlying grid);
- combining and recombining with other agencies and with communities so as to provide models and pathways to get change going.

Acting as catalysts means neighbourhood services having to spend less time and money serving communities by investing some in working to enable them in, for example: meeting and planning; reducing waste; getting the information they need for themselves; preventing accidents and fires; doing their own repairs; looking after local open spaces; gaining skills and access to tools.

Coproduction, in the context of neighbourhoods and neighbourhood services could be defined simply as:

The process of joining the total resources of public services and communities co-efficiently to add sustainable value to the neighbourhood.

Supporting this definition is a set of key ideas: the *core economy*; *public services as hybrids*; *production webs*; *distributed assets*; *overlapping communities* sharing neighbourhoods; the significance of *community networks*; *mutualism*, ie looking beyond the management of public services; the improvement of *coefficientcy* and, thereby, the achievement of *coefficientcy savings*; and *public services as change agents* – that is catalysts for communities to add value for themselves – as well as service deliverers and commissioners.

Section 2: Coproduction in Practice

*Coproduction is about complementing, not replacing service delivery...*³

2.1 Approach

This section looks at coproduction in practice and in particular at neighbourhood level. The first part (up to 2.6) is based in particular on:

- 1) a set of case studies of neighbourhood coproduction in practice (included in Appendix 1) and written as part of this work
- 2) five workshop sessions held as part of this enquiry and involving:
 - Birmingham Neighbourhood Management Practitioners Forum – 29 January 2010
 - the BeBirmingham Neighbourhoods Board – 1 February 2010
 - community groups at the Nishkam Centre, Handsworth – 10 February 2010
 - the BeBirmingham Environment Partnership Board – 2 March 2010
 - Resident University participants at St George's Community Hub, Newtown – 26 March 2010.
- 3) Structured Dialogue on the value of social worth organised as part of Birmingham's Community Asset Transfer Development Programme – 22 February 2010.

The second part of this section (from 2.7 onwards) looks at how coproduction relates to existing areas of activity or issues including: Community Asset Transfer; Total Place and Neighbourhood Management; Community Development, involvement and engagement; Strategic Commissioning and the 'personalisation' of public services; community networks; and local democracy.

³ Foot & Hopkins, 2010

Case Study: Structured Dialogue Method

Understanding that effective public services depend, in part, on community resources and organisation, can lead to demands for better information about community assets. The temptation is to attempt to map and audit and account for core resources using the approaches developed in managing the surface economy. The problem is that these approaches measure only a part of what actually goes on within the core economy: it is hard to measure generosity as you would cashflow, let alone draw up a balance sheet for social capital, or statistically represent the health of interpersonal relationships etc. Even if the results of such exercises were not often misleading, traditional approaches are concerned with accounting for how resources have been used *in the past*. Insights into how those resources might interact in future are of more interest in coproduction.

Structured Dialogue Method (SDM) is an approach to learning from experience through structured examination of stories told by people who have been involved. The approach originates in Canada where it has been used, for example, in gaining insights into the effectiveness of drugs treatment and the prevention of abuse. Chamberlain Forum has been developing the use of the technique in neighbourhood policy making and evaluation. The Forum and Birmingham City Council organised a story circle session on valuing social worth in Community Asset Transfer as part of the research for this report.

A distinctive picture emerged during the story circle. Findings included:

- the valuation of social benefit is the central issue in developing community assets
- the ownership of assets is often less important than the way they are managed and the uses to which they are put – communities don't have to own assets to influence how they are managed
- the boundary between 'the Council' and 'the community' is not so fixed and definite as it may sometimes be presented
- 'community assets' include people - their ideas and skills ('human capital') –as well as land and buildings.
- presenting freehold ownership of assets as the paramount issue in community empowerment is unhelpful. Communities benefit from a range of options around ownership and management and effective community asset development depends on public agencies recognising this.

2.2 Coproduction at Neighbourhood Level: 'Looking Sideways'

This section looks at approaches to coproduction in practice; in particular in Birmingham; and, in particular, in relation to neighbourhoods and neighbourhood services. Experience gained through the Community Asset Transfer (CAT) Development programme carried out by Birmingham City Council has been influential: as well as providing case studies of coproduction in practice, Birmingham's regional exemplar Community Asset Transfer Development programme has taken a distinctive approach to the valuation of social effects – which is a key issue in coproduction.

The focus on neighbourhoods and neighbourhood services contrasts with most recent UK studies which have tended to look at coproduction in relation to health and social care and in education. Narrow links between individual behaviour and health and education outcomes, in particular, is certainly easier to track than those between the wider core economy and neighbourhood wealth and well-being as a whole. Health, education and policing are also relatively professionalised services – areas in which public services play a proportionately large role. Approaches in the studies have been correspondingly institutional: focusing on getting individuals to 'do their bit' in helping the professionals to cure, teach or police them - as appropriate. The neighbourhood offers other insights: it is the place to see generic coproduction at work; to study the core economy at close quarters. Lessons learnt at neighbourhood level may be found, even so, to apply to education, health and social care. None of these services, on closer inspection, is perhaps as institutionally dependent as is frequently supposed.

It is a mistake to assume that neighbourhood services are based on simple mechanistic transactions as opposed to those services, like education and social care, in which human relations matter ('transactional' and 'relational' services respectively to use the jargon). Services like waste collection, libraries and housing management *are* relational and, given greater personalisation, all public services will become more relational.

Finally, neighbourhoods are fruitful places to look for, and at, coproduction because community involvement is readily apparent. Non-neighbourhood based services can learn from this. In healthcare, there is plenty of evidence that isolation, alienation and social estrangement – factors to do with communities and social networks – are more significant than the medicine on offer (eg, see Wilkinson & Pickett, 2009 and the Marmot Report 2010). Likewise, the Young Foundation (2009) found public services need to look at community networks, psychological and relationship issues to work out why some communities are more resilient. The neighbourhood is the place to study those factors which underpin coproduction of all public services.

Looking at public services in the context of neighbourhoods and communities is like taking a sideways look at them. Instead of focusing on what service managers think services do, it is clearer what services actually achieve:

	<i>Studying coproduction in relation to Individuals or Users as an homogenous group:</i>	<i>Looking at what happens in Neighbourhoods shared by diverse communities:</i>
Learning derived is...	<i>Relevant to one organisation or public service</i>	<i>Relevant to a wide range of circumstances</i>
Leads to an...	<i>Institutional view of coproduction – what ‘they’ do to help ‘us’ deliver the service?</i>	<i>Generic view of coproduction – how can we make this better by working together?</i>
Might be part of...	<i>‘Managing change’ through things like business process re-engineering</i>	<i>Changing management so that it thinks beyond managing a service</i>
Risks...	<i>Simplistic solutions that ignore the way services and communities interact in real life</i>	<i>Becoming so complex that it’s hard to draw any conclusions</i>
Promises...	<i>Short term ‘quick fixes’ which might result in some efficiency savings (though we might end up paying more in the long run)</i>	<i>Culture change; sustainable improvements in the value for money we invest in public services and communities</i>

2.3 Key Insights

Drawn from the case studies and workshop sessions:

- 1) Useful coefficient is spread across *all* communities and neighbourhoods in the city. There is plenty of evidence of coproductive capacity in inner city areas and in the middle class suburbs that lie beyond them. We expected we might find less coefficient in Birmingham’s ‘outer ring’ neighbourhoods – predominantly white, working class areas with a high proportion of social housing. In fact, we found evidence of coproductive capacity in outer city constituencies like Erdington and

Northfield as well as in Handsworth and Balsall Heath in the inner city and in middle class Moseley.

- 2) Coproduction is an element in the way a wide range of neighbourhood services are already delivered. The coproductive capacity of communities applies across a very broad range of outcomes in which public services play a part. We thought we might find useful capacity relating to community centres, community safety and housing management. In fact, we found that where communities have become involved in coproduction, their involvement tends to spread across a wider range of outcomes. For example: we found work relating to health, education, social care as well as things relating to waste management and street services. Neighbourhoods themselves may be fairly understood as being 'co-produced'.
- 3) There is no standard way in which the coefficient of communities is being accessed or developed. Whilst the initiative tended to come from community organisations in the examples we studied, we also found evidence of public services taking the coproduction initiative. There was no pattern in terms of the involvement of intermediary agencies: we did not find much evidence of the influence of third sector infrastructure organisations. Resident groups tended to be in the lead, although we did see some evidence of faith communities and youth groups playing a part in neighbourhood coproduction.
- 4) Having said that all communities in the city appear to be coproductive, the coproductive capacity of communities appears to vary according to factors including the existence of community groups, the competence of those groups and the quality of links between them. In some cases, we saw how poor links between communities had contributed to problems in sustaining coproduced services.
- 5) The coefficient of local service providers appears to vary according to factors including the way services manage budgets, performance, information, communications and relationships with partners. Very often we found the influence of particular frontline officers and middle managers was critical in raising the awareness and ability of services to coproduce.
- 6) We found evidence that the availability of time-limited regeneration funding sometimes fuels neighbourhood coproduction. However, it seems neither a necessary or sufficient condition. In some cases, the coefficient of services and communities had been damaged by the effect of short-term funding. In other cases, time-limited funding had been translated into long-term coefficient through the creation or development of an effective neighbourhood 'hub'-type organisation.

- 7) Whether coproductive initiatives are led by community groups or public services, a neighbourhood community hub or anchor organisation or well-developed (and inclusive) neighbourhood network appears to enhance and develop efficiency. There is evidence that (as suggested by Boyle, Clarke and Burns, 2006) successful coproduction, in turn, feeds the development of social community networks. Neighbourhood based community capacity seems to be a more important factor than the availability of time-limited regeneration funding or even the influence of 'coproduction champions' in public service organisations.
- 8) Community Asset Transfer can play a key part in catalysing coproduction and in developing community hubs that are able to re-invest in it and improve local efficiency. We found some evidence that sustained neighbourhood management could have a similar effect, but was less robust if it was not accompanied by the development of community-owned assets and networks.

2.4 Increasing Organisational Efficiency

Factors that enable organisations to take advantage of community efficiency identified through this research included:

- 1) The ability to recognise coproduction already exists and is present in successful services and to talk in terms of efficiency rather than coproduction as a one off project. (As Needham, 2009, points out, coproduction 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: coproduction will be spread not by replicating specific practices but by structural and cultural changes within, and between, public services and between them and the communities they serve.
- 2) Organisational intelligence: the ability to learn from other organisations and communities and respond effectively to bring together efficient 'production webs': arrangements between agencies and between agencies and communities that recognise that outcomes are coproduced.
- 3) Seeing communities as having assets rather than problems and the product of public services in terms of outcomes rather than outputs. Efficient public agencies will routinely see other agencies and – in particular – communities as potential coproducers of those outcomes.

- 4) Leadership that is capable of constructing and communicating how it sees the future in terms of real change (not just 'doing 1% better than last year'). Highly coefficient organisations will describe themselves as 'enablers' and reform themselves to be, where possible, catalysts for communities to take action for themselves.
- 5) Capacity for realistic (honest), high bandwidth and 'real-time' communication, for example the ability to collect and willingness to share data that is current rather than relying on, or issuing, reports which only give one view of that data and at a considerable distance in time.
- 6) Confident and motivated staff, given the freedom to innovate, are able to challenge the community and the organisation for which they work. The extent to which authorities *stop* people doing things is an important point to bear in mind (as Mottiar & White, 2003 noted). Public agencies are often concerned with regulating the core economy rather than coproducing with it.
- 7) The ability to take a sideways look at communities; for example, to 'listen in' to community conversations without skewing them to narrow organisational demands. Ability and willingness to engage in conversation rather than 'consultation' increases coefficientcy.
- 8) The ability to take a sideways look at public services, to innovate and to adjust the traditional boundaries between organisations – like Japanese 'shoji' , the paper walls that can be shifted to make the best use of available space in homes. Increasingly coefficient public services might base financial and performance management on 'value centres' (like 'profit centres' in private enterprise) rather than departments and organisations.
- 9) A rational attitude to managing risk. Issues like data protection and 'health & safety' become stumbling blocks to joint working if agencies are institutionally risk-averse. Successful innovation depends on being able to prototype and to fail. As well as the risk of failure, public service agencies need to be able to risk saying they do not have a clear picture of the way forward and to try different approaches in different places.



Looking Sideways: Performance Accountability

Performance accountability (Friedman, 2009) is about making agencies accountable for outcomes – the effect of what they do rather than just what they do.

The basic principle is that most managers know their service or programme well and can identify the three to five most important measures, explain how the service or programme is doing on those measures and present what can be done to improve performance. Friedman suggests asking:

How much did we do?

How well did we do it?

Is anyone better off?

and using Report Cards as a way of focusing managers on answers to these questions.

Friedman proposes 7 key questions that should be asked and answered on a regular basis:

1. Who are our customers?
2. How can we measure if our customers are better off?
3. How can we measure if we are delivering services well?
4. How are we doing on the most important of these measures?
5. Who are the partners that have a role to play in us doing better?
6. What are our ideas for doing better including no- cost and low cost ideas
7. What do we propose to do?

These questions should be used in monthly meetings or planning sessions. All 7 questions should be asked and answered at every meeting, so that the overall coherence of the process is maintained. As managers and partners repeat this process, their answers will get better. Each set of 7 questions leads to an action plan (what we propose to do.) which should include no-cost and low-cost elements that can be acted on immediately.

For more information see the *Turning The Curve* toolkit (2006) produced by Mark Friedman for DfES and available from the Idea website www.idea.gov.uk/idk/aio/5455262

2.5 Organisational Barriers to Coefficiency Savings

Some public agencies are already relatively highly coefficient. Most, however, still face significant challenges to improving their coproductive capacity. These include:

- 1) 'Siloism': 'protectionism' and excessive attachment to inherited ways of working: entrenched and ineffective practices and management persist in organisations and between organisations not because managers are unaware of the alternatives but as a defensive reaction to them.
- 2) Cynicism - on the part of communities may, similarly, be a rational reaction to attempts to increase coefficient. As participants in the CPSP roundtable on Coproduction at the University of Birmingham (CPSP, 2008) noted, coproduction may come on top of many (failed) attempts at partnership with communities. These have left their own residue.
- 3) Standardising, or Harmonising? Negotiating and setting joint objectives when different agencies have different boundaries, planning and reporting cycles and different forms of accountability and approaches to decision making. The temptation might be to standardise – to attempt to create a giant 'Agency for Managing Everything' with likely dire and disastrous results. The more intelligent path is to 'harmonise' agencies based around developing a common language (Friedman, 2009) and looking at where their services come together – as outcomes - with users, households, communities and neighbourhoods.
- 4) 'Stuck in the Mud'. Factors in low coefficient are also likely to be factors which make it hard to change: eg, lack of trust, poor creativity, excessive risk-aversity and restricted scope for experimentation. Asking departments and agencies which are only minimally coefficient to improve will probably lead to an inadequate response. Public agencies might consider transfusing such functions with teams of insider-change agents: trail-blazers that have faith in change because they have already helped to create it elsewhere in the same, or similar, organisations.
- 5) Short-termism. Coupled with the pressure to make immediate savings a short term approach is likely to prove uneconomic, inefficient and ineffective. Reform (as Boyle & Harris, 2009) highlight, commonly runs up against a narrow service-focused efficiency model. The challenge to improving coefficient is even greater than usual because the real savings that there are to be made will disproportionately fall between agencies or between agencies and communities. Even in the long term, coefficient savings may not accrue to the agency responsible for creating them.

- 6) **Accountability.** To become more coefficient, public agencies will need to change how they manage performance and policy making whilst retaining their democratic accountability locally and their position in relation to nationally set performance frameworks – although Comprehensive Area Assessment and Total Place ought to help with this. The local democratic system may be where critical reforms are needed.
- 7) **Understanding Users.** The challenge is to find effective ways of developing and using information systems to enable communication with other agencies; service users; and communities, that enable agencies not just to ‘deliver the service’ but also to build up a picture of the opportunities for coproduction. The challenge of re-designing information systems so that frontline workers are put centre stage, will be harder to overcome where ‘production line’ mentality has been entrenched into existing information systems and dealing with ‘customer’ ‘complaints and queries’ has been outsourced.

2.6 Investing in Community Coefficiency

As Boyle, Clark and Burns (2006) point out, successful coproduction is often achieved outside the auspices and systems of public programmes 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 community coefficient therefore will have ‘strategic opportunism’ at its heart, rather than a set notion of ‘how to make communities more coproductive’. Even so, we identified a number of ways organisations could seek to strengthen the coproductive capacity of individuals and communities:

- 1) ‘Make Your Carrots Stick’ – the benefits of increased coefficient can be made explicit in the form of ‘cashable’ carrots (ie re-investing a proportion of money saved through coefficient savings) and ‘non-cashable carrots’ (ie, improvements in local service quality). Both sorts of incentive need to be made ‘sticky’ – that is kept within the neighbourhood in which the coefficient savings have been made if they are to act as incentives for further improvements in community coefficient.
- 2) **Put the Frontline Centre Stage** – frontline workers are the interface between users and citizen coproducers and the organisation. Emphasising the quality of face to face contact and the interface between organisations and communities, training and supporting front-line staff and designing systems so that they have ways of accessing the wisdom of the organisation and feeding into that wisdom.

Nudge Nudge, Think Think – A Paradox in Changing Civic Behaviour

Peter John, Graham Smith and Gerry Stoker (2009) contrast two approaches governments use to engage citizens in changing behaviour:

- 1) 'nudging' citizens by rule-setting, financial incentives or publicity campaigns;
- 2) 'think' – creating forums for deliberation and debate.

Gerry Stoker sums up the paradox in these approaches:

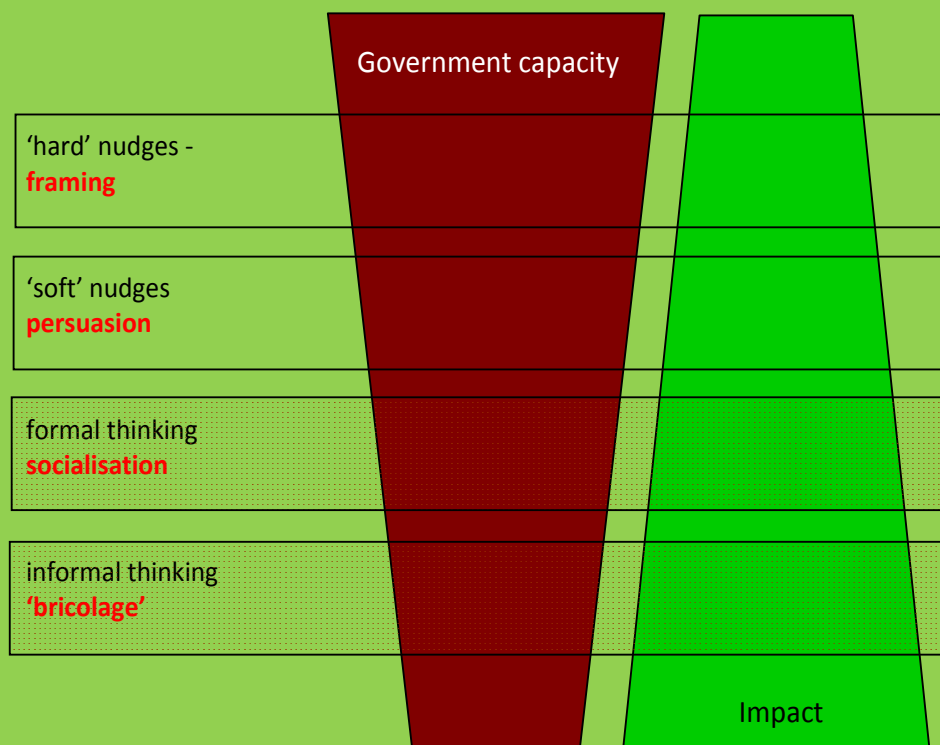


diagram by Prof Gerry Stoker of Southampton University.

The State is quite good at framing decisions taken by citizens using regulations and taxes ('hard' nudges'), but has progressively less capacity to influence through persuasion ('soft' nudges); socialisation of citizens; or impacting on the informal thinking of citizens – what Gerry Stoker calls 'bricolage' – the informal assembly of ideas from different sources that citizens actually use in decision making. The paradox, he points out, is that the approaches that have most impact are the ones government has least capacity to undertake (Stoker, 2010).

Having more impact on the way citizens behave depends on either: finding ways of amplifying the effect of persuasion; or influencing informal thinking. Community Networks may play a part in both.

- 3) Community Networks – investing in links between groups is more effective than investing in the capacity of particular groups. Support the ability of community networks to make links horizontally (extending their reach) and vertically (extending their ability to influence).
- 4) New Channels - opening up channels of conversation and creating as many and diverse spaces for conversation with communities and users, including the use of social media but not neglecting ‘old-fashioned’ face to face forms of communication. Hearing the same idea twice isn’t a problem; failing to hear an idea at all because there is no channel for conversation is.



‘Crowd sourcing’: The Wisdom of Crowds

The idea of using large groups of diverse individuals to come up with ideas and make decisions (‘crowdsourcing’) is based on observations popularised by journalist James Surowiecki. In his book, *The Wisdom of Crowds* (2004), he identified circumstances under which groups make decisions which are better than could have been made by any single member of the group.

Key criteria that distinguish ‘wise’ groups according to Surowiecki are:

- Diversity of opinion – each member of the group should have their own information, even if it is just their interpretation of known facts
- Independence – that people’s opinions aren’t influenced by others in the decision making group (the opposite condition for negative ‘groupthink’)
- Resident Expertise – involving people able to draw on local knowledge
- Aggregation – the means for turning private judgements into collective decisions.

Groups that do not satisfy these criteria may be said to be ‘unwise’. Under these circumstances, a group may make a decision that is worse than that which would have been made by any member of the group acting independently.

- 5) Make Your Data Available – instead of providing users and communities with a prescriptive view of your organisation’s data – like you might in presenting its work in an annual report, try fuelling conversation and ideas about the purpose and effect of what you do by publishing timely data in a form that enables users and communities to come up with fresh ideas and their own conclusions.

- 6) Community Asset Transfer and development helps neighbourhood hub organisations grow stronger, more independent and more self-reliant at the centre of active neighbourhood community networks. It helps to think of communities in terms of their assets (core assets as well as tangible assets like buildings) rather than their needs.
- 7) Valuing Worth – developing and using an objective approach to valuing and rewarding coproduction will boost community coefficient more than using unfocused small grants. The message that community groups have heard in the past is ‘who shouts loudest, gets most’: you need them to hear an alternative message ‘who contributes most, gets heard clearest’.



‘Change is the Only Constant’

Neighbourhoods and communities change as well as the organisations that deliver public services for them. The success of investment in community coefficient may depend on how the community is changing and its changing environment.

Mottiar and White (2003) studied policing in South African townships during the transition from apartheid to democratic majority-rule. They described coproduction in community policing and noted that it was harder, for example, when there was a high level of population turnover in a given township or neighbourhood. Mottiar and White also suggest that a coefficient is worth investing in particularly when communities face a lot of external change or threat.

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:

	Not much change in the environment	A lot of change in the environment
A lot of change within the community	Investment in coefficient may be less successful	Investment in coefficient likely to be successful
Not much change within the community	Investment in coefficient likely to be successful	Investment in coefficient likely to be very successful

2.7 Community Asset Transfer

The Quirk Enquiry into community ownership and management of assets, reviewed the case for community control and looked at how asset-based regeneration helps neighbourhoods improve.

The Enquiry's Report (CLG, 2007) concluded that community management and ownership of public assets can bring social benefits over and above that of retaining state control and that, in many cases, these benefits more than outweigh the costs and risks of transferring control. It led to: a £30m Community Assets Fund managed by the Big Lottery; the establishment of the Asset Transfer Unit led by the Development Trusts Association and funded by Government; and the Advancing Assets Programme which has supported local authority-community sector partnerships to develop joint plans for asset transfer. It also led the West Midlands regional development agency AWM to support the Community Asset Transfer Development programme in Birmingham as a regional exemplar.

Birmingham City Council responded not just by advancing a few buildings for transfer, but by reviewing and reforming the processes involved in enabling CAT. Part of which has meant looking at the issue of discount valuation which lies at the heart of CAT and is, of course, also a central issue in making coproduction work in practice.

Case Study: Witton Lodge and Community Assets

Witton Lodge Community Association in North Birmingham is one of the civic society groups that has been involved in piloting community asset transfer and development in the West Midlands. The group has its origins in residents' groups set up and energised in the wake of compulsory purchase and demolition of housing by the local council. The City Council, however, passed proceeds from land sold on the estate to the Association to build homes for rent. With the funds raised from the sale of land and borrowing, WLCA has invested in community assets as well as in local housing.

The Community Association has used its physical asset base to develop community services and activities on the estate. These include a pioneering Community Watch scheme which has been highlighted on national television and in government publications. In 2009, Witton Lodge Community Association was able to strengthen its position as a natural neighbourhood hub by taking on the leasehold ownership of the local community centre from the City Council. This was matched by capital renovation works funded by Advantage West Midlands and from the Community Association's own resources.

The links between CAT and coproduction are not just confined to the issue of valuation of social benefit. CAT is also a reflection of a wider approach to communities as the owners of assets (in the wide sense, ie including core economic assets and social capital) and provides a means for developing the assets and income streams of neighbourhood 'hub' organisations that are able to act as catalysts and enablers of coproduction of neighbourhoods and neighbourhood services .

Finally, the kind of capacity building undertaken by Birmingham City Council through its preparatory Mobilising Assets programme with the Digbeth Trust (which is a technical aid organisation) which was aimed at getting community groups up to speed to be able to take part on CAT also offers a model for public agencies investment in community coefficientcy.

2.8 Total Place and Neighbourhood Management

Total Place and Neighbourhood Management are two place based approaches that seek to overcome the effect of organisational boundaries and to focus services on outcomes. Both approaches are centred on the idea that it is more effective to organise and deliver public services on the basis of a place and, in particular, that there are coefficientcy savings to be made by doing so.

Total Place looks at how a 'whole area' approach to public services can lead to better services at less cost. It seeks to identify and avoid overlap and duplication between organisations – delivering a 'step change' in service improvement and efficiency at the local level, as well as across Whitehall (HMT, 2010). It is a strategic approach which stresses the potential for coefficientcy between services, eg by getting rid of duplication. It is intended to empower local public service agencies, but there is also an explicit focus on cuts in spending on public services according to Michael Richard, the chief architect of Total Place and Executive Director of the Institute for Government:

Total Place is not just another Whitehall initiative. It is about giving local providers the incentive to work together in new ways for the benefit of their clients and citizens – and the opportunity to tell Government how it could behave differently to make this kind of collaborative action more likely. As we enter a period when resources will inevitably be constrained, Total Place is also a chance for local agencies to 'get ahead' by examining how they can deliver better services at less cost.

The only way of achieving this vision is by increasing coefficientcy between agencies: getting public service providers to think beyond managing their own service and to collaborate with others effectively.

Case Study: Balsall Heath, Total Neighbourhood

Balsall Heath in inner city Birmingham used to be notorious as the region's Red Light district. The community Street Watch campaign effectively put paid to the local £10m a year vice industry. Local community organisations, including Balsall Heath Forum, St Paul's Foundation and the Jericho Foundation, have led the regeneration of the area and improved local services. They have worked together and with local public services to set up, for example, a local 'solutions centre' – a one stop neighbourhood hub based in the local police station.

Balsall Heath Forum has pioneered neighbourhood management: the Forum's philosophy to help 'top-down' and 'bottom-up' meet has helped to shape the current understanding nationally and locally of what neighbourhood management looks like and can achieve. The local environment; economic value placed on the neighbourhood (in terms, for example, of house prices); and social well-being (measured in terms of NI1, NI4 and NI5 scores) have improved in Balsall Heath well ahead of the Birmingham average.

The Forum's chief executive, Dr Dick Atkinson points out that neighbourhoods like Balsall Heath cost the public sector about £100m a year to maintain. The price of a neighbourhood hub to focus community efforts to make the neighbourhood better is a fraction of this. The Forum, however, faces perennial funding crises. Although local service providers (the police, Council and housing associations) have provided grants, funding is not on a sustainable basis.

Neighbourhood Management is a place-based approach, like Total Place: it could be thought of as 'Total Neighbourhood'. Neighbourhood communities, however, usually play a more explicit part in the way neighbourhood management is defined, for example, from the DCLG website:

Neighbourhood Management is an approach that enables local communities and service providers to work together at a neighbourhood level to improve services and quality of life. It does this by joining up local services and making them more responsive to local needs. It is a process which recognises the uniqueness of each place; allowing the people that live, work or provide services in it to build on its strengths and address specific challenges.

Neighbourhood management is, even more than Total Place, an explicitly coproductive approach. Coefficiency savings in neighbourhood management are not just the result of savings made in cutting duplication between public services, but are seen also as coming through the transformation of local services in partnership with communities.

Case Study: Neighbourhood Management in Lozells

Lozells in North West Birmingham is often associated by those outside the neighbourhood with poverty, drugs and crime. In October 2005, violent riots left two men dead and a police officer shot and wounded. Since 2007, however, Lozells has also been the base for one of Birmingham's neighbourhood management projects.

Rather than focusing on service-related issues or 'themes' in isolation, neighbourhood management in Lozells has attempted to establish a shared picture of these same problems from the perspective of place. A neighbourhood conference was held with local people and local service providers. Local people mapped 'hot spots': locations around which multiple issues were focused. These formed the basis for joint work by service providers.

Success in organising joint action between service providers helped to build confidence between them and led to better communication between front line staff from different services. As residents started to feel the difference, the basis for more effective community involvement has been built.

Quality of life in Lozells has improved during the neighbourhood management initiative: for example, crime has reduced and the streets are cleaner. Neighbourhood management in Lozells acts as a demonstration of what can be achieved with a place based focus in even quite a short space of time.

For more information see the Life in Lozells neighbourhood management website www.lozells.info

Locating management close to where neighbourhood services interface with the core economy – in neighbourhoods themselves – has the advantages from a coproduction point of view that it:

- focuses service providers on working with communities and on outcomes rather than outputs
- it encourages service providers to think of communities as having relevant assets
- it makes it easier for communities to relate informally with 'joined up' public services.

Drawbacks of neighbourhood management are that:

- some important services are difficult to manage at neighbourhood level
- although most public services recognise the need for local participation in decision making – for example *Effective local delivery requires effective participatory decision-*

making at local level (from the review of health inequalities led by Sir Michael Marmot, 2010), only the police and the local authority have the ability to relate comprehensively to neighbourhood management in all neighbourhoods .

- depending on how it is done it can be costly and labour intensive.

Even so, for neighbourhood services, neighbourhood management (or Total Neighbourhood) seems the sensible way of expressing the Total Place approach. Doing so, reinforces Total Place as a coproductive way of looking at public services.

Case Study: Community Network South West Birmingham

Longbridge in South West Birmingham was the main site of mass car production in the city for most of the last century - at one point the largest manufacturing complex in the world. Closure in 2005 was a massive challenge to communities in the South of the city.

Community Network South West (CNSW) was set up in 2006 to work with communities in areas of South West Birmingham affected by the closure of the Longbridge plant. The £1.5 million programme over three years supported voluntary and community groups in developing new employment and skills in the area. Through one project, CNSW funded 38 community and voluntary organisations to carry out projects with an alternative economic focus, supporting 400 people through volunteering positions, and helping more than 60 people into employment.

The experience of CSNW illustrates how public agencies can support voluntary and community groups and their networks to create more enterprising communities.

2.9 Community Development, Involvement and Engagement

Community Development has been defined (CDX, 2007) as work that aims to build active and influential communities based on justice, equality and mutual respect. CDX – the membership body for community development practitioners - differentiates community development from other ‘community related’ work because:

(Community Development) involves a commitment to: starting with the issues which people in communities identify as being important to them, rather than starting with the issues that an outside agency wants to tackle; helping people understand why the issues they want to tackle have come about, and why some groups have more power or resources than others; working towards changes which reduce inequality and poverty.

A significant part of community development, therefore, might be expected to be about building community involvement in, and capacity, for coproduction. There are examples of

how efficiency has been increased through the work of community development. Community development, however, is neither equivalent, nor always sympathetic, to increasing efficiency.

Contrasting Community Development and Community Coproduction

	Community Development	Community Coproduction:
Is based on...	<i>Moral justifications – absolute ends and ‘rights’ like social justice</i>	<i>Economics – the relative costs and benefits of different choices, the idea of efficiency and cutting waste</i>
Sees inequality as...	<i>A moral wrong to be crusaded against</i>	<i>An inevitable consequence of an active economy which reflects, in part, differences in efficiency between communities</i>
Concerned with...	<i>The distribution of wealth: spending other people’s money</i>	<i>Creating wealth: generating value for ourselves</i>
Can lead to...	<i>Dependency on the expertise of community workers and on grants and welfare hand-outs</i>	<i>Sustainability and community self-reliance: resident expertise and community assets</i>

The link between coproduction and sustainability is strong. Coproduction is based on the idea that communities involved in an issue may *not* always know best how to deal with it, but they are always key people in preventing the issue re-occurring. Sustainable improvements depend on involving the ‘resident experts’ in the solution.

2.10 Strategic Commissioning and Personalisation

Commissioning is an approach to identifying the need for, and providing, public services which focuses more sharply on outcomes and enables services to be delivered by a wide

range of organisations (including community groups) on behalf of public authorities. The commissioning 'model' is a coproductive approach.

'Strategic commissioning' – embedding the commissioning model into the way an agency works – shares key features in common with coproduction. It aims to be:

- centred on people – aims to engage people and communities in the design and delivery of services
- collaborative
- based on the best available data and intelligence
- sustainable – focused on achieving better value for money
- challenging, and potentially transformative.

Case Study: Real Time Community Change

Real Time Community Change (RTCC) is an approach to making community-led funding decisions developed in the United States. RTCC in Birmingham, between 2003 and 2006, invested over £300,000 in concerted community action involving 300 community groups; built trust and confidence between groups; and contributed to self-reliance as well as helping to meet Local Area Agreement targets.

The idea behind RTCC is to get as groups of all sorts (youth groups, churches, older people's groups, resident associations and others) together to agree a 'question' they want to answer (for example: 'Why have people round here lost faith in the neighbourhood?') At a second meeting, the same groups agree the allocation of £10,000 between projects designed to answer the question. They take cheques away with them at the end of the meeting and have six months to do the work. During which they carry on meeting to update each other about progress. RTCC is an approach to building coefficientcy between communities and between communities and public agencies (who could also use the method to engage communities in joint work).

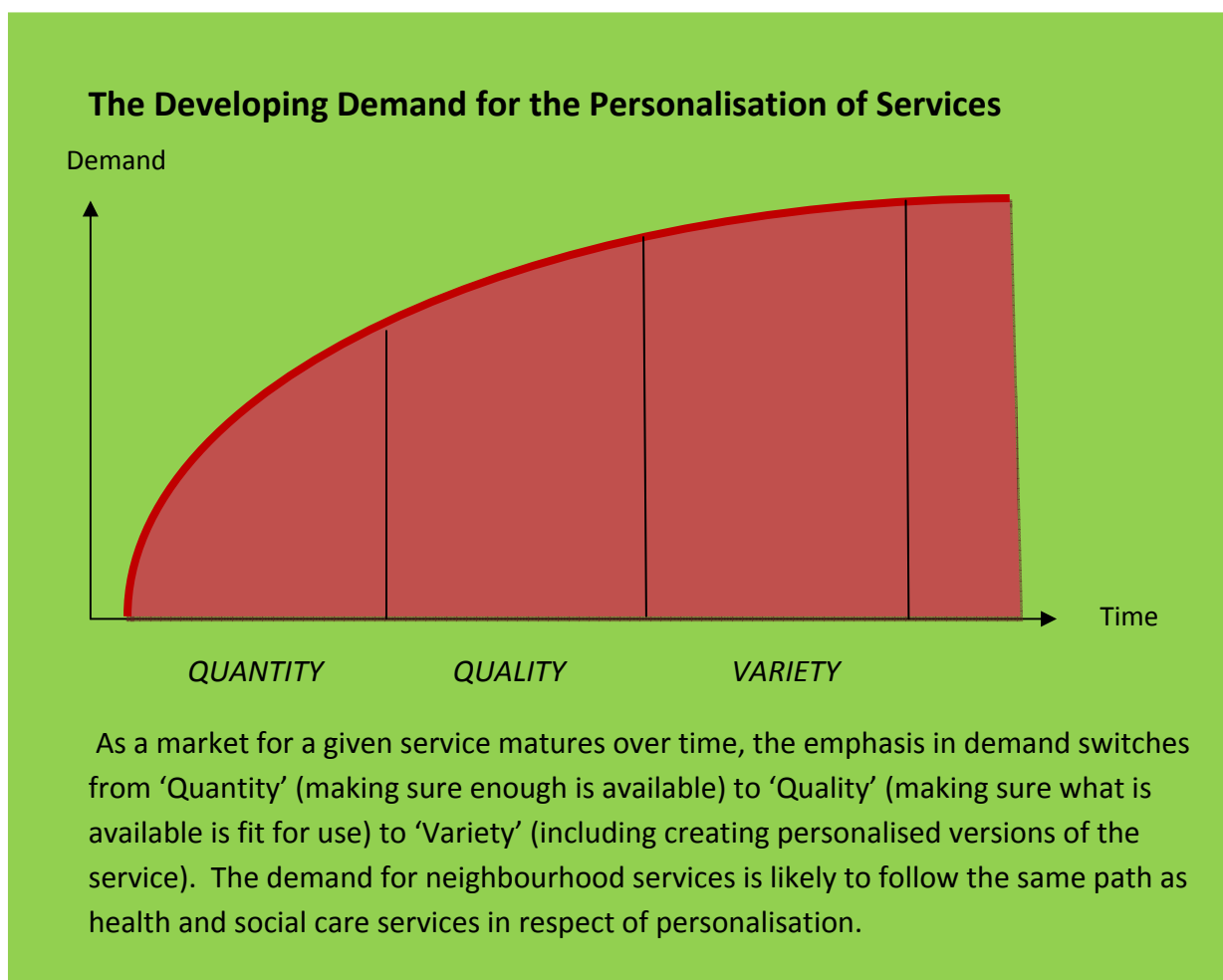
There are, however, challenges facing organisations that want to gain coefficientcy savings through strategic commissioning, including:

- taking full account of the local core economy . As part of the strategic planning process, personal resources and social capital need to be measured and reflected in the resulting priorities and how they are delivered Cummins and Miller (2007)
- find ways of enabling community groups to play a creative part in commissioning without turning them into mini-voluntary organisations or (ineffective) branches of the public sector – possibly through 'social franchising' and/ or the development of

community or neighbourhood 'prime contractors' (neighbourhood hubs who are able to package up the supply of services by smaller groups)

- working out what Jude Cummins and Clive Miller call a 'co-production contract': a complementary specification relating to what service users are expected to do as well as what service providers will do to deliver outcomes
- developing a basis for commissioning that supports the development of communities to take part in coproduction in design and delivery – not just how activities are commissioned but what activities are commissioned (Foot & Hopkins, 2010).

The demand for personalisation of services presents a further challenge. Personalisation is commonly seen as applying to health and social care services, but will increasingly be seen as applying to neighbourhood services (eg in the case of LB Barnet's 'Easy Council' offer).



The challenges of personalisation for authorities seeking efficiency savings through strategic commissioning include:

- finding ways of tapping into the expertise of communities in defining the changing demand for services – which again could be done by developing and supporting well-networked neighbourhood and community hub organisations
- developing their own role as public authorities as ‘brokers’ - matching up potential suppliers and potential demand for public services in an ‘entrepreneurial’ way (in the sense of acting as an intermediary between different resource holders).

Case Study: Neighbourhood Performance Reward Grant

Neighbourhood Performance Reward Grant (NPRG) was launched in Birmingham in 2006 by the city’s Community Safety Partnership (now Safer Birmingham), to involve local residents and community groups in designing and delivering local services. The idea is to support small resident groups to get involved in coproduction through allying them with larger voluntary groups using a ‘social franchising’ model; and using reward grants for their contribution and success in improving their local area.

At the end of the delivery period – which lasted about 8 months - three of the four groups involved met their targets. Each successful group received a reward grant of £15,000 after presenting their case to the panel that had been overseeing the project. The groups involved spent the reward element on a variety of projects, including a new van to use for clean ups, new recycling facilities, and local youth projects.

NPRG indicated a practical way of harnessing and supporting the coproductive capacity of small grassroots groups (through it, community groups took responsibility for commissioning and delivering neighbourhood public services). The reward grant element based on groups meeting local ‘challenges’ also set a reciprocal model for the way co-production could be rewarded more widely by public service agencies.

2.11 Community Networks

Most studies of coproduction identify the development of community networks as a key part of a coproduction approach (eg Cahn, 2000; Boyle & Harris, 2009; Foot & Hopkins, 2010). Community networks assist community groups and citizens over barriers to engaging effectively in coproduction, including: ‘isolation’ and lack of confidence, information and small amounts of money to cover expenses etc. When effective, they do so whilst guarding against the risk of ‘incorporating’ community groups into the public sector.

Community Networks also support a flexible approach to improving community efficiency. Actions to enable coproduction are hard to scale or transfer from one

neighbourhood to another (eg CPSP, 2008) because the characteristics of the core economy vary so widely from place to place. Investing in particular groups may be appropriate in one area but counter-productive in another. Investing in community networks – the capacity of communities to communicate with one another – may be the most effective way of transferring core economic capacity.

Case Study: Cotteridge Park and Birmingham Open Spaces Forum

Cotteridge Park is 22 acres of Edwardian park alongside Birmingham's Cross City railway line between Bournville and Kings Norton in South Birmingham. In 1997, the City Council announced plans to 'decommission' the park in order to save money. Residents and park users got together and formed the Friends of Cotteridge Park.

The residents won their campaign against decommissioning and went further: they have become coproducers of open space in the city, raising funding and organising hundreds of activities making the park open and accessible to the different communities that share the area. The Friends of Cotteridge Park have become landowners too – purchasing and developing land between the existing park and the railway line as a community orchard.

As well as bringing local communities (including young people) together and making the local park accessible to them, the Friends group played a leading part in getting a new community network – Birmingham Open Spaces Forum (BOSF) – started. BOSF now links nearly 150 park and open space user groups in the city and local authority officers and other professionals. The network has helped the city's Parks Department to work out its Parks Strategy and is campaigning to have more open space in the city treated as 'park' land.

Community networks, like BOSF, play an important role in nurturing and enabling small and emerging groups of individuals that want to help make neighbourhoods, or some aspect of them, better. They can help groups with funding information and know how and with helpful experience. From the point of view of public agencies, networks like BOSF are extremely cost efficient ways of achieving their long term aims.

As well as enabling community efficiency, community networks can directly improve quality of life across a wide range of outcomes including employment and education, social care, education and health.

As the recent review of health inequalities led by Sir Michael Marmot (2010) reported:

Individuals who are socially isolated are between two and five times more likely than those who have strong social ties to die prematurely. Social networks have a larger impact on the risk of mortality than on the risk of developing disease, that is, it is not so much that social networks stop you from getting ill, but that they help you to recover when you do get ill.

Case Study: Moseley Community Development Trust

Moseley, in south Birmingham is a mixed area: well off families living close by houses split into flats and bedsits. Pubs and bars line the main street but, until quite recently, there was no community building; the sense of community suffered with the closure of neighbourhood shops (and the conversion of premises into yet more licensed premises). Street drinking was a problem for residents and local businesses and the centre of the community was blighted by minor acts of vandalism, graffiti, litter and other local environmental problems.

Local residents' groups set up a Community Development Trust (CDT) to tackle some of the problems and have been active in making Moseley a more attractive place to do business. The CDT has run a Street Wardens scheme since 2002 focusing on creating and maintaining a good environment; employs an officer to support and develop local community groups; and more recently has set up Moseley Exchange – a shared working space and place to meet for local small businesses and homeworkers especially in the creative industries.

Moseley CDT is an example of how neighbourhood community hubs can produce environmental, social and economic benefits.

2.12 Local Democracy

On the face of it, local democracy should ensure that public services are (already) controlled by the community. It would, however, be naïve to suggest that this control is either: fine enough to relate to the detail of actual decisions about particular services; or independently informed or participative enough to involve more than a fraction of the people who might contribute. Even so, locally elected councillors have a vital role in coproduction: representing the interests of users (and funders) of local services rather than those of the departmentalised producers.



Do People Want To Coproduce?

Opinion researchers MORI recently asked whether the public really want to get involved in decision making about and delivering local services (MORI, 2010). They found :

- People overwhelmingly agreed (by a ratio of more than 3:1) that ‘The general public should be much more actively involved in shaping public services, through for example people deciding on priorities’ rather than ‘The experts who provide and manage public services know best – they should find out what we think and get on with it’
- a large proportion of people agree that the public should be more involved in local decisions. Even though fewer say they personally want more involvement, the survey suggests there is still a largely untapped potential:
 - 4% say they are already involved (although most think that being involved doesn’t give them influence over local decisions) - that equates to 40,000 people in Birmingham who already feel directly involved, but perhaps 25,000 who don’t think their involvement is valued or has much effect.
 - 5% want more direct involvement: equating to 50,000 in Birmingham – more than a sell out match at Villa Park - that want to be directly involved but aren’t at present.
 - 24% just want more of a say – an additional 240,000 in Birmingham looking for more of a say – equivalent to the population of South Birmingham (Northfield, Selly Oak and half of Edgbaston constituencies).
 - 47% want more information – a further 470,000 in Birmingham who want to find out more about local decision making and getting involved: that is more than the entire population of Manchester.

Amongst the remaining people who don’t want to get more involved, MORI found the main reason was lack of time. That’s the equivalent of tens of thousands more people in Birmingham put off only because getting involved seems time-consuming.

Co-production, according to Cummins and Miller (2007), allows us to look at democratic renewal from the perspective that people are already engaged in public decision making – through participative democracy – rather than focusing on the shortcomings of local election turnouts. And the evidence is that people want to be more involved in coproducing a better quality of life: 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.

Much of what has been written about coefficient stresses that councillors, along with other ‘professionals’ have to be willing to share power: ‘instead of doing things for people, they have to help a community to do things for itself’ (Foot & Hopkins, 2010). The real question, perhaps, is whether councillors should be seen (and see themselves) as professionals or as elected amateurs. Does their ‘professionalisation’ represent ‘capture’ by the services they are elected to direct? Or, should councillors be seen as ‘professionals’ in making services come together effectively? Either way, there are potential pivotal roles for councillors:

- ‘making visible the assets in their communities, promoting the use of appreciative inquiry and other techniques and supporting communities to develop their resources’ (Foot & Hopkins, 2010);
- advocating the perspective of the neighbourhoods and families where public services either come together effectively - or not – so as to improve their coefficient.

In relation to the first role, it could be noted that councillors themselves vary greatly in terms of skills and perspective, but that whilst all naturally ‘fly the flag’ for their neighbourhoods, many find perversely, in competition for funding for example, it pays to emphasise community need rather than community capacity. Councillors attempting to play the second role effectively are likewise frustrated by the fact that some key public services can still feel very distant from their influence – the police, NHS, Job Centre, colleges and even local schools. To have any effect at the level of a ward councillor, local strategic partnerships need to be reconfigured at ward or neighbourhood level – as is effectively the case in Balsall Heath for example - rather than city-wide. Total Place needs to be ‘total neighbourhood’ if ward councillors and the communities they represent are to be involved in what runs the risk, otherwise, of being a technocratic conversation between public service management barons.

Case Study: Bloomsbury – Flexible Support

Residents of the Bloomsbury Estate in Nechells, inner city North Birmingham, have gained increasing control over managing and maintaining their neighbourhood. They set up the country's first Estate Management Board and then transferred management of their housing to a community-run co-operative. In the process they have improved housing conditions and, by working with public agencies, have established a range of community-based neighbourhood services in the area.

One of the features of developments in Bloomsbury has been the gradual shift of power and responsibility over time. In 1984, the area was a government 'Priority Estate' with a dedicated team of local officers. In 1989, residents decided to set up the first Estate Management Board in the country. In 1995, they made the transition to a Tenant Managed Organisation.

Bloomsbury shows how the level of responsibility for coproducing local services can be varied over time using a range of mechanisms and organisational forms. Coefficiency savings can take time and need flexible management.

Case Study: Castle Vale – Sustaining Improvements

Castle Vale on the North East edge of Birmingham became infamous from the 1970s onwards as a large scale example of a failed postwar overspill estate. In 1993, the housing stock was transferred to a Housing Action Trust and the estate received funding until 2005 when the HAT wound up. Residents voted to transfer the new and refurbished housing stock to a community-led registered social landlord, Castle Vale Community Housing Association.

The estate underwent dramatic physical regeneration, but the HAT was also able to leverage additional private investment in the area, eg in the form of a large Sainsburys supermarket, and bring about social regeneration and a real sense of community leadership.

Perhaps the most impressive phase in the regeneration of the estate has been from 2000 to date, however. With most of the funding from the HAT spent (and none since 2005), the estate has continued to develop positively so that, for example, property prices have risen faster in Castle Vale than any other area of outer city Birmingham over the past 10 years.

Section 3: Valuing Coproduction

*Co-production already exists; it does not have to be created. The real challenge for the public sector is how to make it visible, both to themselves and to the public*⁴

3.1 Valuation and Organisational Culture

Making something 'visible', in the context of managing public services, means making it measurable. The central issue with coproduction and efficiency is not that they are not evident: there are signs of them in every neighbourhood and community and the seeds of them in every public service. The problem is that their effect remains unmeasured. In decision making, little account – financial or otherwise - is taken of it. The core economy, which determines whether public services succeed or fail, is treated as an externality. What public service organisations tend to measure instead – and in increasing detail - are:

- 1) outputs – the number of cases processed; the quantity of drugs prescribed; interventions undertaken; broken things mended; test results; hours worked; money spent during the correct financial year – boxes ticked.
- 2) the personal information of service users – gender, age, disability, faith, level of deprivation and ethnicity: measurements of need.

What organisations measure forms the values on which organisational cultures are based. In some public service organisations, that comes down to 'minding the machines', emphasising the neediness of service users and treating everyone equally – even if that means not particularly well.

At a political and strategic level, there is – likewise – an understanding that public services need to 'treat everyone the same'. So, for example, where service standards vary from area

⁴ (Cummins & Miller, 2007)

to area, politicians and press are quick to denounce a new 'postcode lottery'. In fact, the outcomes of public services already vary widely between areas (partly because community efficiency varies between neighbourhoods). A strategic approach to improving the efficiency between public services and communities will, in the long run, reduce inequalities in outcome (although greatly increase inequality in service outputs).

Other likely political and organisational barriers to coproduction have been identified in this study: 'siloism', 'empire building', excessive bureaucracy and the protection of professionalisms are, no doubt, serious barriers to efficiency within and between organisations as well as between organisations and communities. Improving the efficiency of public services will depend on tackling these issues and the organisational cultures from which they derive. It is likely that some public services will resist or pay lip service to breaking down barriers. Sometimes, the problems are more subtle. Participants in this research raised the example of Local Management of Schools (LMS). They believed that the potential in LMS for greater coproduction had been undermined by contemporaneous changes in the schools curriculum and inspection regime. In other words, although LMS created *potential* for greater coproduction of educational outcomes, the way school education was measured is seen as having frustrated that potential.



The Buck Stops... Where?

Private sector organisations sell their services to customers through the operation of market prices and are expected to make a profit for their owners. The Directors of private companies act to secure long-term profitability: the Board makes decisions based on increasing the net residual value of the business: the value of 'equity' in the business.

Public sector organisations have more complex sets of values. There is also no single Board to oversee operations and ensure that the residual value of neighbourhoods – 'neighbourhood equity' is increased. Neighbourhood management and the formation of Neighbourhood Boards is an attempt to provide this coordination to local public services. Neighbourhood Boards, however, have no direct executive power – and no clear democratic mandate. The recent Demos report *Civic Streets* put forward the idea of 'micro-Mayors' for neighbourhoods of up to 5000 people. Micro-Mayors would provide a 'clear avenue to political legitimacy for residents who are concerned about specific problems in their area... (and) ... give communities a clear sense of leadership' (Wind-Cowie, 2010).

Blatant (and subtle) factors to do with maintaining organisational boundaries, data protection, budget-setting, regulation and quality standards are real issues – in private enterprises as much as in the public sector. What enables progress around them is the ability to compare the projected outcomes of different approaches: to develop and implement new ways of working. Measurement and comparison is the basis of progress in both private and public organisations. Private sector organisations have the price mechanism and, when there is a market failure, the public sector steps in with regulations and interventions. Public sector organisations have a mix of measurements which, in general, do not reflect the real value of what they do (ie they are not focused on outcomes) and which – currently - ignore almost entirely the extent to which the value they add is coproduced. The existence of organisational opposition to coefficientcy is not the real root problem. Rather, it is difficulties in *measuring* savings due to coproduction that makes it hard to justify them. In the long run, values and valuation – not organisational problems - is the central issue in increasing the coefficientcy of public services.

3.2 Preventive and Shared Outcomes

The persistence of the valuation problem as the central barrier to coproduction in neighbourhood services is made worse because coefficientcy savings tend to lead to neighbourhood outcomes that public services – alone - aren't very good at and tend to be shared between services. In particular, that often means things that don't happen because something else does ('preventive' and shared outcomes). Frequently, coproduced solutions cost little and save a lot, but the savings due to them are made some way down the line and are shared between different services. For example, coproducing activities involving young people in the neighbourhood may cost only a few hundred pounds, but save many thousands in future spending on education, police, criminal justice, estate management and street services (cleaning up graffiti etc). There are coefficientcy savings to be made - saving money, freeing up the time of professionals and improving the quality of life for local people, young and old. No single agency – public or community organisation – however, stands to receive the return on the few hundred pounds investment needed to make the saving.

Public agencies may not recognise coefficientcy savings. They may not know how to specify them (for delivery by someone else). They may not have any useful direct experience of delivering them themselves. All of which means budgets for projects and services aimed at preventive work are typically dwarfed by the amount public agencies spend on dealing with the consequences of them.



Co-operation and Prevention in the NHS

Set up in 1948, the National Health Service was the part of the social security system put forward by Beveridge as a 'comprehensive... service for prevention and cure of disease and restoration of the capacity to work'.

It was Churchill who coined the famous 'cradle to the grave' phrase to describe the welfare state. Beveridge's view was instead that social security would be 'achieved by cooperation between the State and the individual' and that the former 'Should not stifle incentive, opportunity, responsibility; in establishing a national minimum... it should leave room and encouragement for voluntary action by each individual to provide more than that minimum for himself and his family.'

Beveridge's case was significantly preventive: ill-health cost the country dearly; the institution of a National Health Service would save it; and the cost of the service would *lessen* as the nation's health improved. In fact, however, spending on the NHS has risen. In 2009, it stood at more than 8% of GDP. The proportion of total spending on healthcare that is spent on preventive measures, meanwhile, has been estimated at a mere 2.2% (Health England, 2009). The experience of the NHS seems to illustrate starkly how 'comprehensive', centralised and 'service-based' approaches to achieving outcomes appear to frustrate the best of co-operative and preventive intentions.

Means of valuing efficiency savings and approaches which enable rational investment in preventive outcomes are needed. Moving away from 'comprehensive', centralised and 'service-based' thinking about how to achieve outcomes might be matched by a re-evaluation of what the core economy has to offer: what are the assets in communities? Looking sideways at communities in terms of assets - partners in forestalling negative circumstances, not just the passive victims of them - means turning set thinking in public service management on its head. Instead of managing services, public agencies will need to think more in terms of their part in managing places.

3.3 The Community Assets Approach

Public services have been accused of treating people like passive welfare recipients, but there is an alternative to seeing communities just in terms of need. The Asset Based Approach instead regards communities – even the most marginalised – as having social and economic assets that can be developed to produce greater efficiency: better outcomes at lower long term cost. This approach to communities also provides an ‘ideal way for councils and their partners to respond to the challenge of involving individuals and communities in effective participatory decision making at local level’ (Foot & Hopkins, 2010). Recognising people and communities as assets is also the key to strengthening the core economy (Cahn, 2000): the basis, perhaps, of a virtuous cycle of sustainable recovery for ‘deprived’ neighbourhoods.

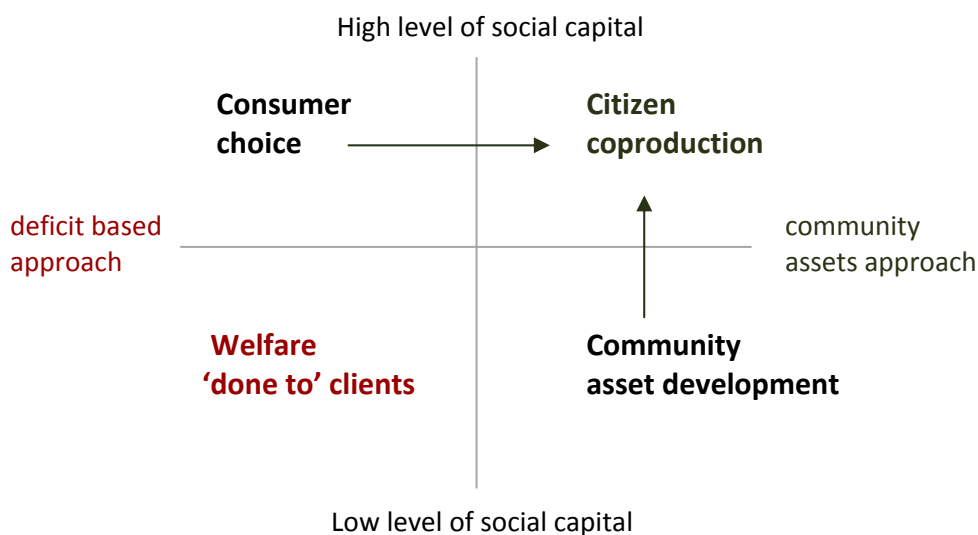
Contrasting the ‘deficit approach’ to the Community Assets Approach:

	<i>The deficit approach</i>	<i>The Community Assets approach:</i>
Starts with...	<i>deficiencies and needs in the community</i>	<i>mapping community assets</i>
Sees public services as ...	<i>responding to problems</i>	<i>helping develop community assets and self-reliance</i>
Priority is to...	<i>make efficiency savings n providing services to users</i>	<i>make efficiency savings by investing in self-help</i>
Emphasises...	<i>democratic accountability through the ballot box</i>	<i>the role of civil society and participative democracy</i>
Focuses on...	<i>individuals</i>	<i>communities and neighbourhoods</i>
Sees people as...	<i>passive clients and customers who get ‘fixed’ by receiving welfare services</i>	<i>active citizen co-producers who help themselves and each other</i>
Sees the answer in...	<i>the next big programme or management buzzphrase</i>	<i>people</i>

Based on the comparison between the two approaches in Foot & Hopkins, 2010

The relation between the Community Assets approach (and the 'deficit' approach that sees communities in terms of needs) and coproduction has been illustrated:

Developing community assets helps people to become citizen coproducers



(based on Cummins & Miller, 2007)

3.4 Valuing Investment in Coproduction

The lack of an agreed and objective method for making decisions about the value of coproduction remains the most significant barrier to achieving efficiency savings in neighbourhoods. That is savings achieved both:

- by more efficient working between public services
- by public services and communities working more co-efficiently.

Appendix 2 presents alternative approaches to valuation in more detail, but in brief - **Cost Benefit Analysis (CoBA)** remains the basis for most objective approaches to making decisions about investing in projects. Its aim is to reduce complex data about the scale and likelihood of future costs and benefits to a single figure: the Net Present Value of the project. It is, however, difficult to apply CoBA to decisions about whether to invest in coproduction. This is because the benefits are likely to be complex, relatively uncertain and often hard to express in monetary terms.

Developments on CoBA such as **Outcomes Matrices** and the **New Approach to Appraisal** (NATA) used in making decisions about transport infrastructure projects extend its ability to deal with factors that cannot easily be monetized. They cannot be applied directly to decisions about investment in coproduction, but do indicate the basis of approaches that could.

Social Return on Investment (SROI) is a comprehensive approach which has been put forward specifically to appraise projects which include both money and social costs and benefits. An SROI type approach was considered for use in making decisions about asset transfer in Birmingham's Community Asset Transfer (CAT) Development Programme, but it was considered too unwieldy and hard to use in practice.

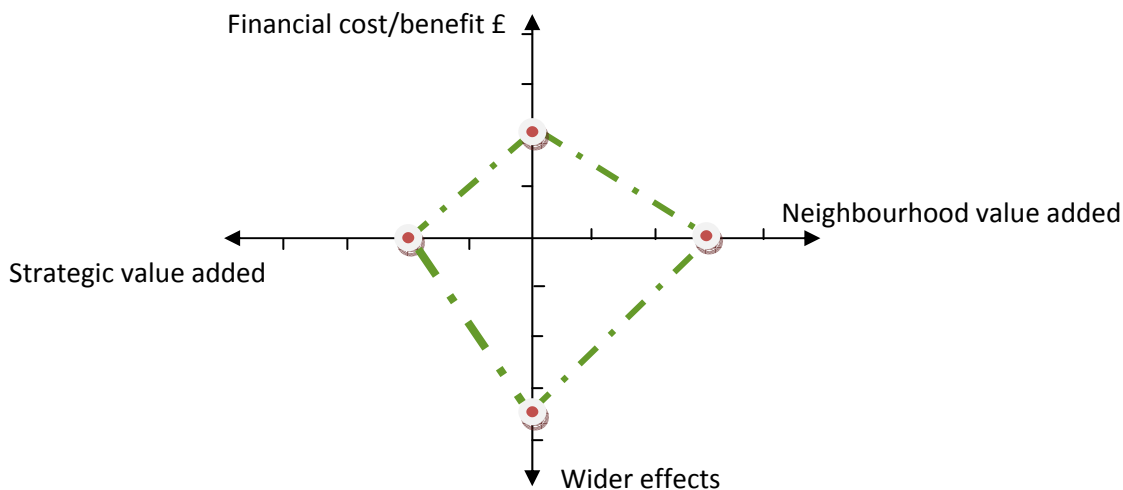
Valuing Worth is a social valuation tool developed as part of the CAT programme in Birmingham and designed to be easier to use than SROI. It appraises projects in terms of four headings with several sub-criteria under each:

- financial costs and benefits and viability of the proposal
- the strategic added value of the proposal – ie how the proposal contributes to the achievement of strategic (city-wide) aims
- the value added by the proposal to the neighbourhood – with neighbourhood sub-criteria set locally and based on wider local priorities
- how the proposal affects the wider production web including the local core economy – eg the effect on community participation, opportunities for private enterprise, use by other agencies, reductions in other indirect spending including maintenance and effects on neighbouring areas.

Valuing Worth – as it stands – is geared towards decisions about the transfer of public assets to community groups at a discount on the market valuation. The approach could, however, be developed for use in appraising decisions about neighbourhood efficiency.

For example, a decision about whether to invest in the development of the activities of a community hub and network in a neighbourhood could be appraised using headings derived from the Valuing Worth method (bullet pointed above). As well as measuring the financial costs, benefits and risks, the appraisal would need to include assessments of: strategic value (with sub-criteria derived from the Community Strategy prepared by the Local Strategic Partnership); neighbourhood value (with sub-criteria based on priorities set through local neighbourhood consultations and in a neighbourhood development plan); and wider effects (eg on other public services, the wider core economy, the local private sector and on neighbouring areas).

The results of such an assessment could be presented in terms of an Outcomes Kite (ie a 4 pointed outcomes star – see Appendix 2):



3.5 Deprived Neighbourhoods with Strong Core Economies

The Valuing Worth tool (above) is the basis of a potential approach to valuing investment in coproduction on a project by project scale derived from the CAT development process in Birmingham. On a wider scale, however, the Community Assets Approach (in section 3.3) suggests that coproduction has the potential to transform neighbourhood. Could neighbourhoods with strong core economies and highly coefficient public services turn coproduction into a viable route for sustainable regeneration?

The Community Assets Approach sets out that even ‘poor’ neighbourhoods may have high levels of social capital – rich core economic resources expressed as community networks, neighbourliness, families and the capacity for self-help. There is no consensus about how to measure social capital (see Appendix 3: Measures of Social Capital), but there are measures of community strength included in the National Indicator set used by local strategic partnerships in forming Local Area Agreements with central government.

As well as being collected nationally as part of the government’s Place Survey, three NI measures - looking at resident perceptions of cohesion (NI1), empowerment (NI4) and satisfaction with the neighbourhood as a place to live (NI5) – have been collected in Birmingham’s priority (ie, most deprived) neighbourhoods since 2008 as part of an annual Opinion Survey carried out by a professional market research organisation.

Birmingham Opinion Survey results for 2008 and 2009 show a number of priority neighbourhoods with NI1, NI4 and NI5 scores above the city average, suggesting there are strong core economies in some priority neighbourhoods compared to the city as a whole and despite high levels of material disadvantage.

Deprived Neighbourhoods with Strong Core Economies

Priority neighbourhoods in Birmingham with NIs (National Indicator scores) above the city average for measures of strong community include:

	NI1		NI4		NI5	
	08	09	08	09	08	09
Attwood Green	-	-	+	+	+	+
Balsall Heath	+	+	+	+	+	-
Castle Vale		+		+		+
Handsworth	-	+	-	+	-	+
North Yardley	-	+	+	+	-	+
Ward End & Pelham	+	+	-	+	-	-

KEY

'+' indicates above city average score

'-' indicates below city average score

Notes: Castle Vale was surveyed in 2009, but not in 2008. Castle Vale and Balsall Heath are both Guide Neighbourhoods with community-led neighbourhood management.

The NI measures are:

NI1 the level of community cohesion in each neighbourhood as perceived by residents

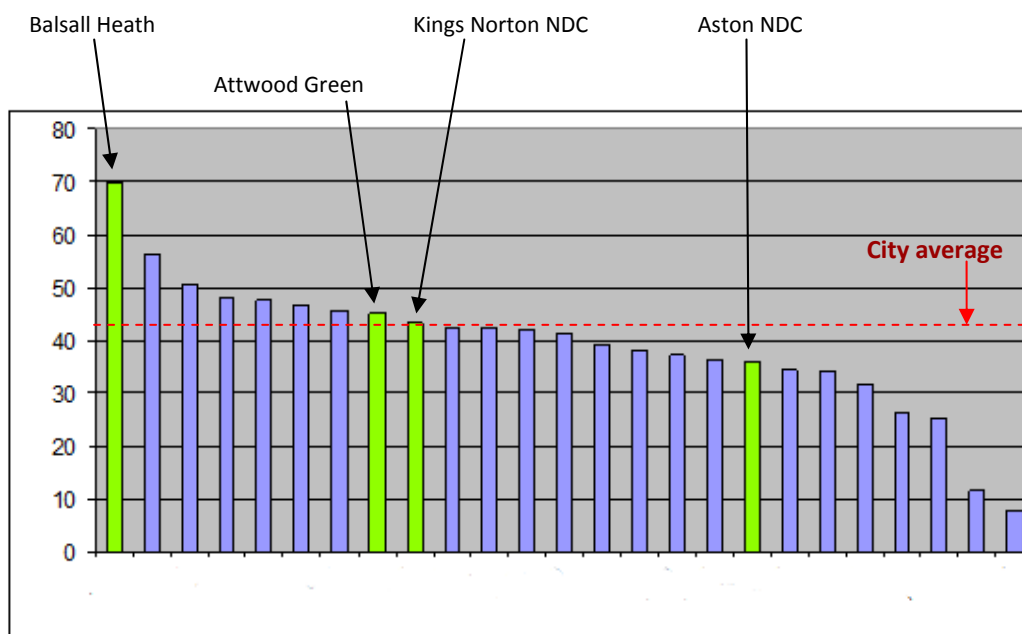
NI4 the level of empowerment in decision making in each neighbourhood as perceived by residents

NI5 the level of overall satisfaction with the neighbourhood as a place to live as perceived by the residents.

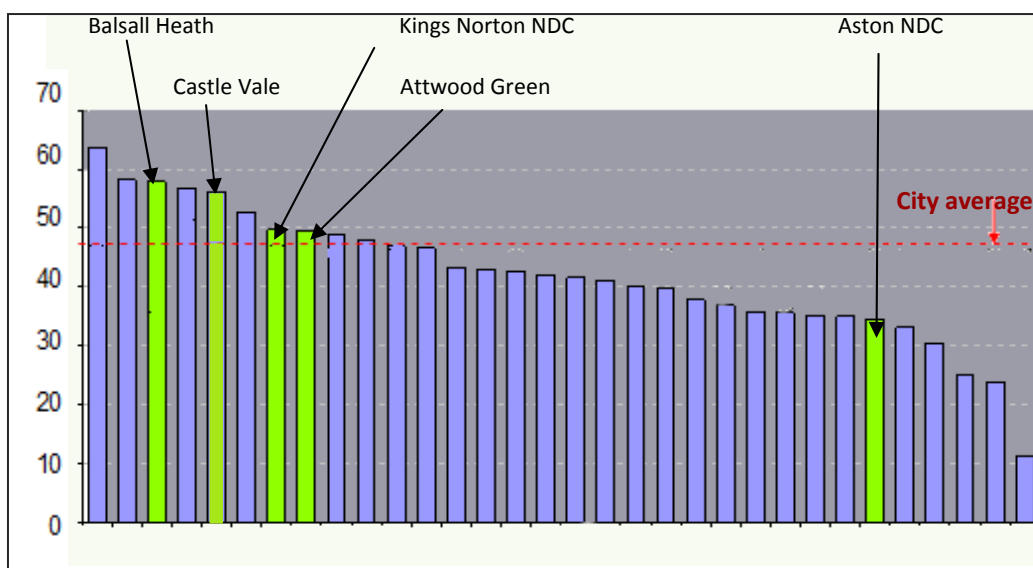
See Appendix 3: Measures of Social Capital and National Indicators for further information.

Looking in more detail at the NI4 (community empowerment) measure in 2008 and 2009:

NI4 scores in Birmingham Priority Neighbourhoods, 2008 (Castle Vale was not included):



NI4 scores in Birmingham Priority Neighbourhoods, 2009 (when Castle Vale was included):



The NI4 graphs show Balsall Heath heads the original 25 priority neighbourhoods in Birmingham (the two leaders in 2009 are both ‘cluster’ neighbourhoods not included in the 2008 survey). The city’s community-led neighbourhood management ‘Guide Neighbourhoods’, Castle Vale and Balsall Heath, are ahead of the city average and Birmingham’s New Deal for Communities (NDC) areas - Kings Norton and Aston.

3.6 Property Prices and ‘Neighbourhood Equity’

As well as variation in the strength of the local core economy (measured, for example in terms of NI1, NI4 and NI5), neighbourhoods vary in terms of their surface economic value. That is, the sum monetary value of the neighbourhood – the ‘neighbourhood equity’. UK Land Registry data for home sale prices in Birmingham over the last ten years shows these variations and the way in which property prices have increased differentially in the city. Taking the sale price of terraced housing (the most widely distributed form of housing across the city) over the past decade enables a broad comparison between different neighbourhoods. Whilst neighbourhood equity has increased across the city, there are some neighbourhoods in which the increase has been particularly dramatic. In Birmingham, the sharpest increases in house prices 2000- 2010 have been in inner city neighbourhoods.

Property Prices in Inner Birmingham Postcode Districts

The table shows the increase in sale prices of terraced houses between April 2000 and March 2010 in inner city postcode districts in absolute and percentage terms:

postcode	area	price in 2000 £	price in 2010 £	price increase £	percent increase 2000-10
B12	Balsall Heath & Highgate	40559	147000	106441	262%
B9	Bordesley Green	34146	110667	76521	224%
B19	Lozells	30700	94000	63300	206%
B21	Handsworth	29734	88563	58829	198%
B20	Birchfield	44837	121300	76463	171%
B18	Winson Green & Hockley	27143	73000	45857	169%
B11	Sparkhill & Tyseley	42169	108643	66474	158%
B6	Aston	33274	83000	49726	149%
B10	Small Heath	37687	86250	48563	129%
B8	Washwood Heath and Saltley	37885	83750	45865	121%
B7	Nechells	40000	85750	45750	114%

In inner city Birmingham, house prices have increased on average ahead of the city average. The increase in price of terraced housing in the median inner city postcode district was 169% in B18, Winson Green and Hockley. The largest absolute and percentage increase in prices was in B12, Balsall Heath and Highgate, where prices increased on average by £106,441 – 262% of the April 2000 starting price.

See Appendix 4: House Price Variations in Birmingham for further details.

In outer ring areas of Birmingham, house prices have tended to increase at a significantly lower rate so that there has been a levelling off of neighbourhood equity between inner city areas (which used to be significantly cheaper) and outer areas (which are now only just more expensive). In 2010, a terraced house in the median inner city district – Handsworth, B21 – costs an average of £88,563; and the comparable outer city price is £98,188 in Northfield, B31 – a difference of just under £10,000. Ten years earlier, the difference between terraced house prices in the same districts was close to £25,000.

Property Prices in Outer Birmingham Postcode Districts

The table shows the increase in sale prices of terraced houses between April 2000 and March 2010 in outer ring postcode districts in absolute and percentage terms:

postcode	area	price in 2000 £	price in 2010 £	price increase £	percent increase 2000-10
35	Castle Vale	42858	96000	53142	124%
44	Perry Barr and Kingstanding	46230	100825	54595	118%
34	Shard End	49535	107000	57465	116%
38	Kings Norton	48372	103500	55128	114%
36	Hodge Hill & Castle B'wich	53682	113767	60085	112%
23	Erdington Short Heath	47028	95000	47972	102%
32	Woodgate, Bartley & Q'nton	54300	108900	54600	101%
25	Yardley	42587	83917	41330	97%
45	Rednal & Rubery	48404	92500	44096	91%
31	Northfield	53766	98188	44422	83%
24	Erdington Tyburn	58396	105000	46604	80%
42	Perry Barr & Hamstead	53692	88000	34308	64%
33	Kitts Green	46032	72750	26718	58%

In outer city Birmingham, house prices have increased on average by less than the city-wide average. The increase in price of terraced housing in the median outer city postcode district was 101% in B32, Woodgate, Bartley Green and Quinton. The largest absolute price rise was in B36, Hodge Hill and Castle Bromwich, but the biggest proportional increase was the 124% price rise in B35, Castle Vale.

See Appendix 4: House Price Variations in Birmingham for further details.

Balsall Heath and Castle Vale saw the largest increases in neighbourhood equity (based on terraced house prices as a proxy measure) in inner and outer ring Birmingham, respectively.

3.7 The Neighbourhood Equity ‘Premium’ in Two Neighbourhoods

Comparing the increase in housing prices in Balsall Heath over the period 2000-2010 with the level of increase in the median inner city districts gives an idea of how much additional (or ‘premium’) value has been added to the typical terraced house over the decade:

average actual increase in price in Balsall Heath	increase if Balsall Heath prices had gone up in line with median inner city area (ie Handsworth)	‘premium’ increase of average house price in Balsall Heath over similar inner city areas
£106,441	£68,545	£37,896

The same calculations relating to Castle Vale are:

average actual increase in price in Castle Vale	increase if Castle Vale prices had gone up in line with median outer city area (ie Northfield)	‘premium’ increase of average house price in Castle Vale over similar outer city areas
£53,142	£43,287	£9855

Given that there are approximately 9500 households per postcode district, a ‘premium’ increase of £1000 in average house prices equates to about £9.5m increase in neighbourhood equity. Using these figures gives an indicative figure for the total premium increases in neighbourhood equity in B12 and B35:

area covered	‘premium’ per property	Premium increase in neighbourhood equity
Balsall Heath	£37,896	£360m
Castle Vale	£9855	£93.6m

The highest premium increases in neighbourhood equity in inner and outer city Birmingham respectively occur in the same neighbourhoods – Balsall Heath and Castle Vale – that have been pioneering community-led neighbourhood management over the past 10 years and also have leading scores in the NI1, NI4 and NI5 measures used to assess community strength.

3.8 The Neighbourhood Equity Model

The apparent correlation between neighbourhoods with strong core economies and increases in neighbourhood equity in Birmingham is striking and deserves further research. A demonstrable relationship between coefficient and neighbourhood value would go a long way to solving the valuation problem in coproduction in neighbourhoods as a whole (as opposed to the project-by-project basis of Valuing Worth). If the relationship holds then:

- 1) investing in the coefficient of public organisations would not only save money and lead to better outcomes, but also those outcomes would lead to an increase in value in the neighbourhoods in which they are located.
- 2) investing in the coefficient of communities in deprived neighbourhoods (for example) could be even more attractive. It could be an economically viable way of regenerating such neighbourhoods – a new kind of ‘inward investment’ – a more sustainable alternative to competing to attract scarce capital to neighbourhoods to create (often short-lived) jobs.

A Neighbourhood Equity Model can be formed which looks at the neighbourhood as a whole as if it were an enterprise. Neighbourhood stakeholders – the residents, businesses and property owners including the local authority and registered social landlords – have a shared interest in increasing its residual value. Coefficient public services and community action contribute to that value by their effect on property values. The effect is already notable in relation to certain key local public services, for example good schools and safe and accessible parks and open spaces, which tend to increase the value of their neighbourhoods.

The Neighbourhood Equity Model suggests that increased coefficient in general has the same effect. In neighbourhoods with a high level of social housing, the payback on investment in coefficient flows back to Registered Social Landlords and/ or the local authority – agencies which might be able to organise, manage and raise funding for the initial investment in improving neighbourhood coefficient. This could be organised through a neighbourhood hub organisation or function. In neighbourhoods with a high level of owner occupation/ private rented stock, the payback on coefficient would be distributed across a wider number of property holders. The projected return could be used to fund the initial investment through: Neighbourhood Investment arrangements (which might work like Business Improvement Districts); or through the sale of neighbourhood bonds or other financial instruments like ‘social mortgages’. Again, a neighbourhood hub organisation could play a central role.

Total Place is the initiative which aims to pool resources spent by various agencies in a city or district on a given service area, eg services for people with poor mental health. The idea

of Total Neighbourhood is an alternative arising from the Neighbourhood Equity Model: instead of organising by service area, it would be organised by place. It would be more likely to earn benefits from coproduction because:

1. it would be based on the lines of natural neighbourhood core economies which would make it easier to coproduce with local communities;
2. the outputs of public services 'spill over' between service areas at neighbourhood level – how housing and open space, community safety and libraries and community centres are managed has an impact on mental health, for example.

Whilst the neighbourhood hub and network are clearly central to the success of a Total Neighbourhood approach, the city- or district-wide authority continues to have a vital role in managing the portfolio of places for which it is accountable. Instead of adopting blanket objectives for neighbourhoods – improving everywhere at once and in the same way – local authorities would be able to pursue a portfolio approach: enabling niche neighbourhoods to develop their own 'brands' built on their distinctive core assets and helping neighbourhoods to work together rather than compete.

3.9 Neighbourhood Hubs and 'Public Community Initiatives'

The Neighbourhood Equity Model (above) is based on the idea that stakeholders in a neighbourhood are brought together by a neighbourhood hub organisation or function based in the locality and able to undertake a range of functions which might include:

- act as a forum for discussion of priorities and planning
- be the hub of a local community network able to provide information and connections
- act as a 'magnet' for local public service providers and local private enterprise
- identify and organise efficiency savings in public services and in the local core economy
- provide a physical base for neighbourhood solutions, raise funding and provide technical expertise etc
- build up a base of community-owned assets in the locality.

Although there is no standard form for such a neighbourhood hub, the basis for such hubs exists in many neighbourhoods already. In Birmingham, they are constituted mainly as community organisations (some are part of public agencies) and have a range of organisational forms including:

- Community-based housing associations, eg the Castle Vale Community Housing Association in Castle Vale
- Networks of community organisations, eg Balsall Heath Forum, St Paul's Foundation, Jericho and other groups in Balsall Heath
- Community Development Trusts – often in partnership with other organisations, eg Moseley CDT, Moseley Forum and Moseley Society in Moseley
- Tenant Managed Organisations – again often in partnership with other organisations, eg Bloomsbury TMO in Nechells
- the Local Development Agencies set up as a network by Birmingham Voluntary Service Council which includes groups such as –
 - the Birmingham Settlement in Aston
 - the East Birmingham Community Development Agency based in Castle Vale
 - the South West Birmingham Community Association in Northfield
 - the Scarman Trust in Handsworth
- Neighbourhood management pilots, some Neighbourhood Forums, the housing market renewal agency in North West Birmingham - Urban Living, the parish council in Frankley, community development projects and a range of public service buildings including estate offices, schools, libraries and police stations.

The range of forms and arrangements underpinning them is a reflection itself of the core economy in neighbourhoods. So, whilst there are lessons to be learned and shared, for example in setting up a Community Development Trust, there is no single model for a neighbourhood hub.

Two issues that face most of the nascent and partial hubs listed above are:

1. that they have yet to emerge fully as partnerships between public and community sectors in a neighbourhood: they are mainly still community organisations.
2. that they have not developed a sufficient asset base to generate significant income or to give them a significant financial stake in local neighbourhood equity.

The combination of these factors limits the effectiveness of most existing would-be neighbourhood hubs in the city in relation to their dealings with local public services and their need to seek continually for short term grant and project funding. The exception amongst the community-led organisations listed above is Castle Vale Housing Association which operates as a kind of proxy community council and also has a very significant equity stake in its neighbourhood through the ownership of social housing.

Partnerships between social landlords and community organisations such as development trusts and neighbourhood forums might provide a model for a new breed of local Public Community Initiatives (PCIs) that would be able to take on the role of neighbourhood hub more fully. PCIs might also be initiated by the local authority in the form of Community Interest Companies (CICs) - that is non-profit companies limited by guarantee within the additional wrapper of accountability that is expected by the CIC regulator. An ongoing Community Asset Transfer programme could also focus on the development of neighbourhood hubs.

3.10 Conclusions

Valuation is the central barrier to coproduction in neighbourhoods. The position with regard to neighbourhoods and neighbourhood services is complicated because:

- it involves a wider range of players (both agencies and communities) than is the case in specific service areas like healthcare, for example
- coefficient savings frequently come in the form of preventive outcomes – things that don't happen because something else did.

Coproduction of neighbourhoods and neighbourhood services, however, is of critical overall importance even when looking at service areas that seem, superficially, straightforward because:

- neighbourhoods and neighbourhood services play a part, for example, in a very wide range of areas even including specialist and professionalised areas as mental health outcomes, care of elderly people, skills and employment training etc.
- neighbourhoods and the overlapping communities that share them are not passive recipients of public services but are potentially active players that it is critical to involve in coproduction – which is the Community Assets Approach.

Valuing the worth of the social benefits brought about through Community Asset Transfer provides tools that could be used in appraising decisions about projects designed to improve

local efficiency: eg the Valuing Worth tool developed through Birmingham's CAT programme.

The idea that communities – even materially deprived ones – have core economic assets which it is vital to include in coproduction is the basis of the Neighbourhood Equity Model. This is supported by observations that those neighbourhoods with strong core economies are also those with experience of community-led neighbourhood management and that those same neighbourhoods appear to have experienced the greatest increase in overall neighbourhood value – 'neighbourhood equity'. The Neighbourhood Equity Model suggests that the value of neighbourhoods could be actively managed through the operation of neighbourhood hubs. Whilst there are organisations in existence that fulfil some of the functions of such hubs, there is neither a common nor a perfect model. Emerging and potential hubs could benefit from becoming Public Community Initiatives (possibly with CIC status) and from an ongoing programme of Community Asset Transfer and development so that they have an asset base which generates income and which gives them a stake in neighbourhood equity.

Taken together, Valuing Worth and the Neighbourhood Equity Model provide the start of a potential means for addressing the valuation issue in the coproduction of neighbourhoods and neighbourhood services. That is enabling: *the process of joining the total resources of public services and communities co-efficiently to add sustainable value to the neighbourhood.*

Valuing Worth, developed from the CAT development programme in Birmingham, can be adapted for use in decisions about efficiency savings, it measures on a project by project basis:

- The way and extent that investment in efficiency can be expected to lead to better outcomes and save money

The Neighbourhood Equity Model provides a broader level justification for coproduction - it suggests you can measure:

- The way and extent that investment in efficiency improves the local core economy - the impact on NI1, NI4 and NI5 etc (which further justifies investment)
- The way and extent that investment in efficiency adds to neighbourhood equity – the sum monetary value of the neighbourhood – (which further justifies investment).

References

- Sherry Arnstein, A Ladder of Citizen Participation published in the Journal of the American Planning Association, Vol. 35, No. 4, July 1969
- BeBirmingham, Total Place Pilot Final Report, published February 2010
- Tony Bovaird, Beyond Engagement and Participation: User and Community Co-production of Services published by the Carnegie Trust, 2007
- David Boyle, Sherry Clark and Sarah Burns, Hidden Work: co-production by people outside paid employment pub New Economics Foundation, 2006
- David Boyle and Michael Harris, The Challenge of Co-Production: How equal partnerships between professionals and the public are crucial to improving public services NESTA, 2009
- Laura Bunt and Michael Harris, Mass Localism - A way to help small communities solve big social challenges published by NESTA, 2010
- Edgar Cahn No More Throwaway People: the coproduction imperative published by Essential Books, 2000
- CDX, What is Community Development? Published by CDX, 2007
- CPSP, Notes from the roundtable on co-production and community involvement organised by the Centre for Public Service Partnerships at University of Birmingham , October 2008
- Jude Cummins and Clive Miller, Co-production and Social Capital: The role that users and citizens play in improving local services published by OPM, October 2007
- DEFRA Municipal Waste Statistics 2008/09 published DEFRA, November 2009
- Amitai Etzioni, The New Golden Rule - Community and Morality in a Democratic Society published by Basic Books, 1997
- Jane Foot and Trevor Hopkins, A Glass Half Full - how an asset approach can improve community health and well-being Published by IDeA, 2010
- Mark Friedman, Trying Hard is Not Good Enough: How to Produce Measurable Improvements for Customers and Communities Published by Trafford Books, 2005
- Mark Friedman, Turning the Curve Toolkit published DfES, 2006
- Mark Friedman, Results-Based Accountability Producing Measurable Improvements for Customers and Communities Published OECD, 2009

Neva Goodwin, *Microeconomics in Context*. Published by Houghton Mifflin, 2004

HMT, *Total Place: A whole area approach to public service*. Published by HM Treasury, March 2010

Health England, *Prevention and Preventative Spending: Health England Report No 2*, published 2009

Matthew Horne and Tom Shirley, *Co-production in public services* published by Cabinet Office Strategy Unit in March 2009

Peter John, Graham Smith and Gerry Stoker, *Nudge, nudge, think, think: two strategies for changing civic behaviour*, in *Political Quarterly*, 2009

Anuradha Joshi and Michael Moore, *Institutionalised Co-Production: Unorthodox Public Service Delivery in Challenging Environments* Institute of Development Studies at the University of Sussex, 2003

Elke Loeffler and others, *Citizens and the coproduction of public services* published by Governance International in October 2008

Lyons Report - *National prosperity, local choice and civic engagement: a new partnership between central and local government for the 21st century – the Lyons Enquiry Report 2007*

Shauna Mottiar and Fiona White, *Co-Production As A Form of Service Delivery: Community policing in Alexandra Township* Published by The Centre for Policy Studies, Johannesburg in 2003

Marmot Report, *Fair Society Healthy Lives – the final report of the Enquiry into Health Inequalities* led by Sir Michael Marmot published by the Department of Health, 2010

MORI, *Do the public really want to join the government of Britain* published by MORI, 2010

Lewis Mumford, *The Neighbourhood and the Neighbourhood Unit* in *Town Planning Review*, 1954

Catherine Needham, *Co-Production: an emerging evidence base for adult social care transformation* published by The Social Care Institute for Excellence in March 2009

Elinor Ostrom, *Community Organization and the Provision of Police Services* published by Sage Publications, 1973

Elinor Ostrom, *Crossing the Great Divide: Coproduction, synergy and development* published in *World Development* Volume 24, Issue 6, June 1996

Sophia Parker and Joe Heapy, *The Journey to the Interface: How public service design can connect users to reform* published by Demos, 2006

Robert Putnam *Bowling Alone: The Collapse and Revival of American Community* published by Simon and Schuster, 2000

Quirk Report - Making Assets Work: The Quirk Review of Community Management and ownership of Public Assets, published by CLG, 2007

James Surowiecki, *The Wisdom of Crowds: Why the many are smarter than the few and how collective wisdom shapes business, economies, societies and nations* Published by Random House, 2004

Tony Rich, *Measuring the Social Value and Impact of Asset Transfer* published by Birmingham City Council with support from AWM, 2010

Gerry Stoker, *Strategies for Changing Civic Behaviour*, presentation at the Spring Conference of the National Association of Neighbourhood Management, Goodenough College 2010

W. Lloyd Warner, J.O. Low, Paul S. Lunt, & Leo Srole, *Yankee City* published by Yale University Press, 1963

Richard Wilkinson and Kate Pickett, *Spirit Level: Why More Equal Societies Almost Always Do Better?* Published by Allen Lane, 2009

Michael Young and Peter Willmott, *Family and Kinship in East London* published by Routledge, 1957.

Young Foundation, *Sinking and Swimming: Understanding Britain's Unmet Needs* published by the Young Foundation, 2009

Max Wind-Cowie, *Civic Streets* published by Demos, 2010

Appendix 1 Case Studies of Coproduction in Birmingham Neighbourhoods

Case studies of neighbourhood coproduction in Birmingham:

- Balsall Heath Forum
- Bloomsbury Estate
- Castle Vale
- Community Network South West
- Friends of Cotteridge Park
- Haile Selassie I Peace Foundation
- Jericho Foundation
- Moseley Community Development Trust
- Northfield Involve
- Norton Hall
- Neighbourhood Management in Lozells
- Witton Lodge Community Association

Case Studies of relevant approaches developed in Birmingham:

- Neighbourhood Performance Reward Grant
- Real Time Community Change
- Street Champions

Appendix 2: Alternative Approaches to Valuation

Cost Benefit Analysis (CoBA) is an approach to converting projected flows of future costs and benefits associated with a project, planned intervention or decision into a single figure – its Net Present Value (NPV). It dates back to the middle of the nineteenth century but became widely used in public sector decision making during the 1960s.

CoBA works by discounting future flows of cost and benefit at an annual rate (which might be the interest rate on borrowing cash) in order to arrive at a unified figure for the cost or benefit of a project. Uncertainty over future costs and benefits can be dealt with by assessing their probability and working out the mathematical expectation of their value. NPV can then either be expressed as a range of values (worst to best case) or as an average.

CoBA is a reasonably effective way of appraising the value of a project or intervention where the costs and benefits are either monetary or near-monetary (eg for those intangible assets for which accounting standards set out an approach to valuation). Potential sources of error are in setting the discount rate; in assessing the scale of future costs and benefits; and in assessing the probability associated with uncertain future costs and benefits. This becomes progressively more difficult with the length of term of the project and the complexity of the environment in which it will operate since it becomes hard to predict future flows of cost and benefit arising specifically from the investment. Even so, CoBA remains the basis for most other methods for appraising interventions and investments in terms of their cost or benefit.

Outcomes Matrices and weighting of non-monetary factors are ways of using the CoBA approach to address a wider range of factors including environmental and social factors that are not easily monetized. Basically, outcomes matrices show the impact of a proposed investment on the ‘triple bottom line’ enabling comparison of projects in terms of their

social, environmental and economic impacts. More or less weight can be given to sub-criteria within these overall headings. An outcomes matrix approach to looking at investment in coproduction would probably consist of a double bottom line: one dealing with cash and the other with social benefit. The problem with such an approach would lie in the mechanics of the weightings given to different sub-criteria. It is hard to imagine an objective way of comparing, for example, the social capital in one community with that in another.

NATA (the 'New Approach to Appraisal') is a development on CoBA applied to major transport projects which dates back to the late 1990s. It includes the evidence of environmental and safety assessments etc as well as monetary costs and benefits. NATA was designed by the Department of Transport and is used mainly in decisions relating to transport infrastructure. As well as cash, safety and environment, it looks at accessibility and integration (the extent to which the proposal contributes to the aim of having an integrated transport system). Each of these five criteria is broken down into a number of sub-criteria which can then be presented in a short unified document summarising the most important criteria.

NATA is effective because it is applied to decisions about projects with similar sets of outcomes (transport infrastructure developments). As it stands, it could not be used to appraise proposals outside this set. It could, however, be used as a model and adapted to apply to decisions about investments in coproduction. The key would be the mechanism for agreeing sets of relevant criteria and sub-criteria and the manner in which the appraisal is presented.

Social Return on Investment (SROI) is an attempt to measure the social and financial value created by non profit organisations (and by profit making organisations' investments in 'corporate responsibility'). The use of SROI in the UK has been championed by, amongst others, New Economics Foundation from the mid 1990s onwards.

SROI builds on the logic of cost-benefit analysis. Key elements in it include: the identification of stakeholders in a decision or project; the construction of an impact map which shows the relationship between the resources available to an organisation, its activities and its outputs and the results of the outputs, ie outcomes. Allowance is made for attribution (of outcomes to other organisations) and for deadweight and displacement (to take account of what would have happened anyway). Only material impacts are included in the analysis (deciding what is material involves referring to public policy, best practice, what stakeholders say is important etc). Impacts are monetised where possible and treated as costs and benefits in CoBA. It could be used as a thoroughgoing approach to looking at decisions about coproduction. In practice, however, SROI is criticised for being unwieldy and hard to use.

Changecheck and the Guide Neighbourhood Kitemark are two self assessment tools produced by BASSAC and the Guide Neighbourhood network/Chamberlain Forum respectively. They are designed to help community organisations to measure the impact of what they do and how effective they are. Changecheck uses two different sets of indices to analyse impact in relation to the:

- nine elements of community wellbeing, developed by the Audit Commission
- eight roles of community anchors, developed by the Community Alliance.

Neither Changecheck nor the Kitemark attempt, however, to put a cash value on the social benefit created.

The Outcomes Star is an approach to setting and presenting key criteria in an investment decision; the assessment of alternative interventions; or how impact changes over time etc. The points of the star represent the most important aspects of the impact or the set of desired outcomes. A framework or questionnaire is then devised so that alternatives can be scored in relation to each aspect. Generally used in self-assessment, the main advantage is the comparability over time or between alternatives. The Outcomes Star has, nonetheless been used by local authorities in making decisions about commissioning services. Disadvantages include that it is not possible to weight the significance of outcomes relative to each other and that the quality of the appraisal is only as good as the questionnaire or survey: the star itself is simply a presentational device.

The Social Value Tool developed as part of Birmingham City Council's Community Asset Transfer Development programme based on that developed by Devon County Council. Both tools were developed to support objective decisions as to the size of discount to offer to community groups seeking to take on the management and ownership of public assets. The social value tool provides a way of assessing an asset transfer project's financial robustness and contribution to strategic and neighbourhood priorities as well as putting values towards the uses to be carried out in the transferred building or on land. It looks at savings to the local authority and impacts on adjoining sites. The tool is intended as an aid to decision-making and to provide justification for discounts on market rates. The impact tool attempts to ask the question 'what are the differences to the receiving organisation and users/locality of acquiring an asset?' The assessment looks into:

Financial effect and viability of the proposal

- A. Financial Resources - establishes what percentage of the total project costs have been secured.
- B. Investment leveraged- determines the amount of investment leveraged through the transfer

- C. Viability of business plan - 'scores' the future revenue-raising capacity of the project as indicated by the business plan.

Strategic added value

- D. Location by Priority Status - takes into account whether the asset is located either the top 5% or 10% of deprived wards according to the Index of Multiple Deprivation. The score given to the proposal reflects this.
- E. Contribution to sustainable Community Strategy objectives
- F. Contribution to Local Area Agreement Aims - takes into account the contribution made by the project to the area's strategic objectives as set out in the Sustainable Community Strategy and Local Area Agreement. The proposal is again given a score to be taken into account in reaching the final social value figure.

Neighbourhood added value

- G. Contribution against neighbourhood priorities - scores the project against the priorities for the neighbourhood.

Inter-relationships in use

- H. Community participation - calculates the 'social value' of participation by the community in activities at the building. It uses a financial proxy of the hourly minimum wage rate per participant and also measures the value of volunteering through use of the average regional wage levels.
- I. Employment and Enterprise - measures the specific use of the building for training or to generate jobs or new businesses using the financial proxy of minimum wages levels for training places and average regional salary per job created and a proxy from EU grant programmes for new businesses created.
- J. Agency Service Usage - measures use of the building by other agencies such as the PCT, local authority, other third sector groups, etc. It uses a flat rate of £10 for every m2 of space rented by the agency in question.
- K. Value of open land - takes into account the uses applicable to the transfer of open land and includes play and sports spaces, habitat areas, flood alleviation, car parking etc. It uses the cost of reinstatement as a financial proxy.
- L. Savings on costs to the local authority - takes into account the cost savings to the Council as a result of the building being passed to the third

sector. The cost savings covered include security, energy and maintenance.

- M. Impact on adjoining sites - captures the benefit on adjoining sites of the refurbishment and productive re-use of a transferred building or piece of land

The tool is designed to be easier to use than SROI and unlike SROI produces a score based on the criteria above rather than a monetised figure. The tool could be adapted to measure the value of coproductive activity and to make decisions about investment in coproduction.

Appendix 3: Measures of Social Capital

There is no standard and accepted way of measuring social capital. Whilst it can be sensed and its effects felt, quantification has proved contentious. This is partly due to the fact that, like 'environmental capital', and unlike 'financial capital', social capital is held mainly in common between people, rather than as a personal account.

The range of measures of social capital that have been put forward include:

- Number, membership and 'reach' of community groups – which has tended to be greatly under-estimated because the vast majority of groups are relatively informal. Lloyd Warner's (1963) Yankee City study of the town of Newburyport, Massachusetts, found more than 22,000 community groups in a population of 17,000 people.
- Number, size and inter-relations between community networks; the number of links between community groups and ratios based on the extent of links within a given community as opposed to links beyond that group.
- Measures of the ability of individuals to influence decisions taken that affect their interests.

The UK National Indicator, which forms the basis of reporting through the Local Area Agreement process, includes a set of measures of 'stronger communities' which have a bearing on the measurement of social capital:

- NI1 Cohesion - % of people who believe people from different backgrounds get on well together in their local area
- NI2 Belonging - % of people who feel that they belong to their neighbourhood
- NI3 Civic participation in the local area
- NI4 Empowerment - % of people who feel they can influence decisions in their locality

NI5 Neighbourhood Approval - overall/general satisfaction with local area

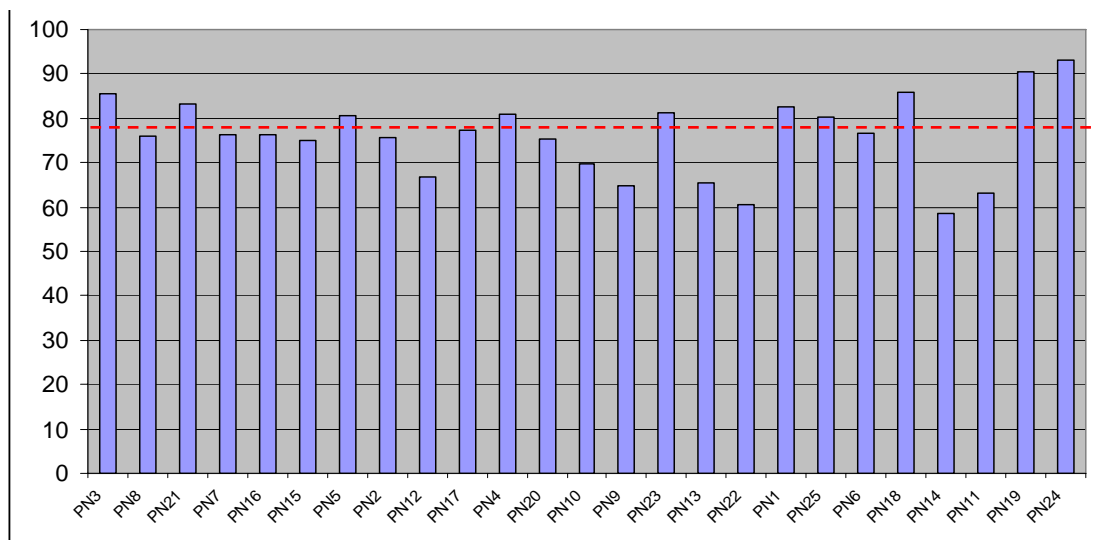
NI6 Volunteering - participation in regular volunteering

NI7 Third Sector - environment for a thriving third sector

Of this set, Birmingham's strategic partnership has adopted NI1, NI4 and NI5 for use in measuring progress towards the city's Local Area Agreement. These measures are collected on a city-wide level as part of the DCLG's Places Survey and at neighbourhood level for Birmingham's priority (deprived) neighbourhoods as part of the annual Birmingham Opinion Survey conducted by professional market research agencies. The results of the 2008 and 2009 Opinion Surveys in respect of these three measures in priority neighbourhoods in the city are shown in the graphs on the following pages:

- 2008 Community Cohesion by neighbourhood
- 2008 Sense of empowerment by neighbourhood
- 2008 Overall neighbourhood approval by neighbourhood
- 2009 Community Cohesion by neighbourhood
- 2009 Sense of empowerment by neighbourhood
- 2009 Overall neighbourhood approval by neighbourhood.

2008 NI1 – ‘People from different backgrounds get on well in my local area’



Birmingham Priority Neighbourhoods

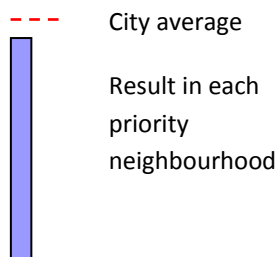
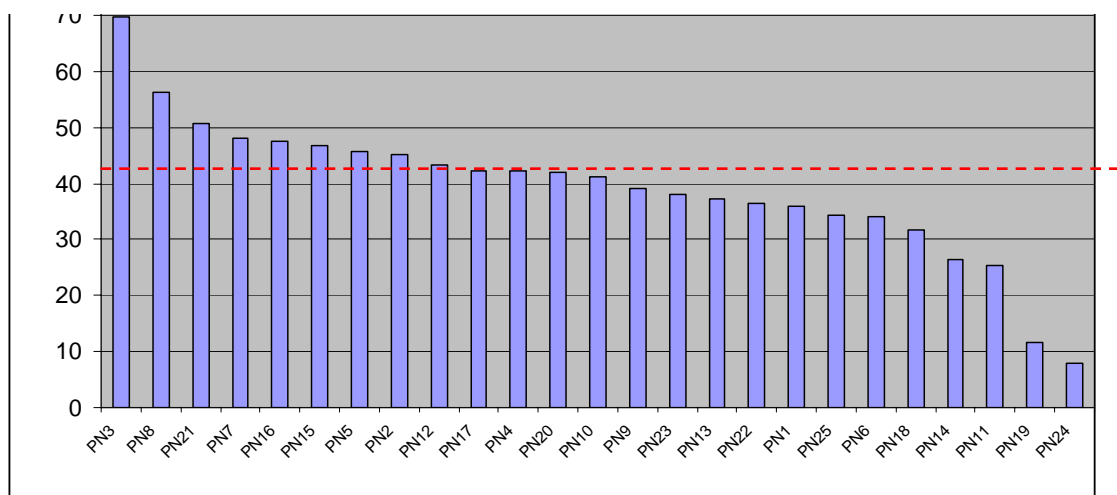
--- City average
 [Bar] Result in each priority neighbourhood

- PN1 Aston Pride
- PN2 Attwood Green
- PN3 Balsall Heath
- PN4 Birchfield
- PN5 Bordesley Green
- PN6 Firs and Romford
- PN7 North Yardley
- PN8 Farm Park and Sparkbrook North
- PN9 Glebe Farm and Lea Village
- PN10 Handsworth
- PN11 Newtown, Hockley and St Georges
- PN12 King Norton Three Estates
- PN13 Kingstanding Central
- PN14 Lozells
- PN15 North Nechells, Bloomsbury, Huddleston
- PN 16 Richmond and Bier ton Road
- PN17 Saltley and Washwood Heath
- PN18 Small Heath
- PN19 Small Heath and Bordesley
- PN20 Soho Finger and Gibb Heath
- PN21 Sparkhill North and Central
- PN22 Highgate, Digbeth and St Andrews
- PN23 Summerfield and Central Ladywood
- PN24 Ward End and Pelham
- PN25 Winson Green, Brookfield's, West Summerfield

Data is from the Birmingham Opinion Survey conducted by MORI, 2009.

Note: data relating to Birmingham's Priority Clusters was not collected in the 2008 survey.

2008 NI4 – ‘I feel that I can influence decisions affecting my local area’



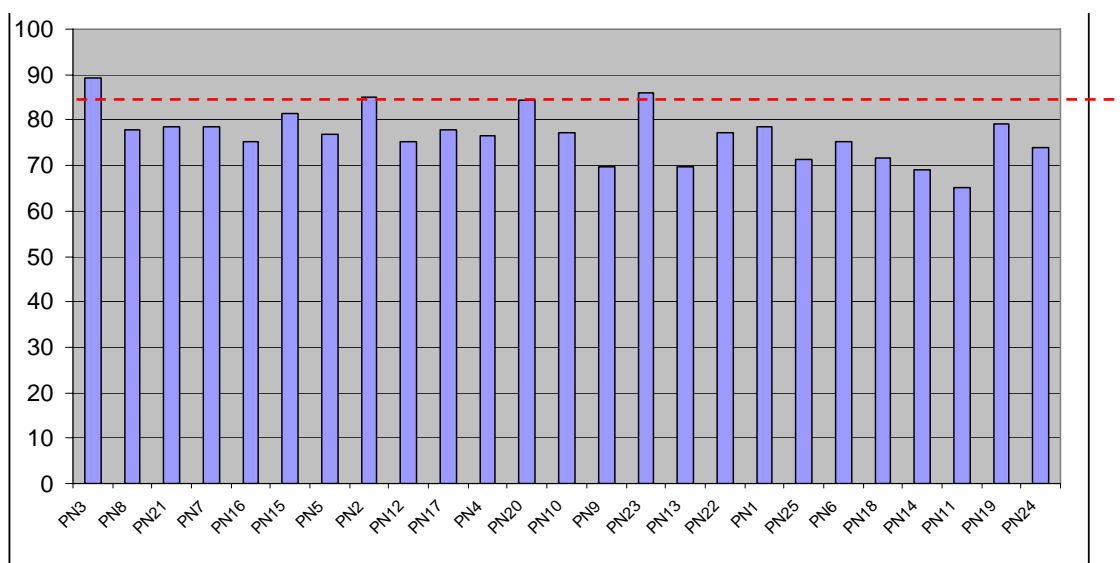
Birmingham Priority Neighbourhoods

- PN1 Aston Pride
- PN2 Attwood Green
- PN3 Balsall Heath
- PN4 Birchfield
- PN5 Bordesley Green
- PN6 Firs and Bromford
- PN7 North Yardley
- PN8 Farm Park and Sparkbrook North
- PN9 Glebe Farm and Lea Village
- PN10 Handsworth
- PN11 Newtown, Hockley and St Georges
- PN12 King Norton Three Estates
- PN13 Kingstanding Central
- PN14 Lozells
- PN15 North Nechells, Bloomsbury, Duddeston
- PN 16 Richmond and Bierton Road
- PN17 Saltley and Washwood Heath
- PN18 Small Heath
- PN19 Small Heath and Bordesley
- PN20 Soho Finger and Gib Heath
- PN21 Sparkhill North and Central
- PN22 Highgate, Digbeth and St Andrews
- PN23 Summerfield and Central Ladywood
- PN24 Ward End and Pelham
- PN25 Winson Green, Brookfields, West Summerfield

Data is from the Birmingham Opinion Survey conducted by MORI, 2009.

Note: data relating to Birmingham's Priority Clusters was not collected in the 2008 survey.

2008 NI5 - 'This is a good area to live in'



Birmingham Priority Neighbourhoods

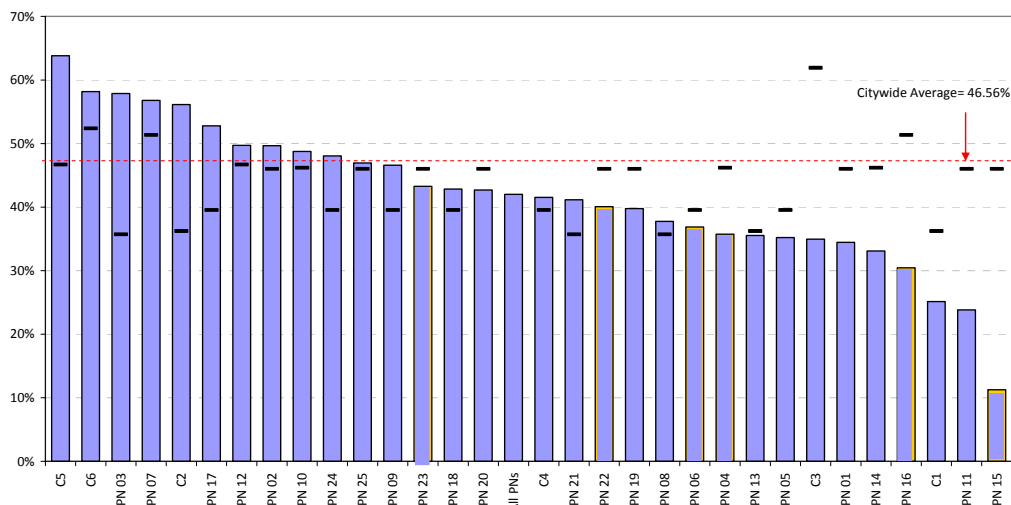
--- City average
 [Bar] Result in each priority neighbourhood

- PN1 Aston Pride
- PN2 Attwood Green
- PN3 Balsall Heath
- PN4 Birchfield
- PN5 Bordesley Green
- PN6 Firs and Bromford
- PN7 North Yardley
- PN8 Farm Park and Sparkbrook North
- PN9 Glebe Farm and Lea Village
- PN10 Handsworth
- PN11 Newtown, Hockley and St Georges
- PN12 King Norton Three Estates
- PN13 Kingstanding Central
- PN14 Lozells
- PN15 North Nechells, Bloomsbury, Duddeston
- PN 16 Richmond and Bierton Road
- PN17 Saltley and Washwood Heath
- PN18 Small Heath
- PN19 Small Heath and Bordesley
- PN20 Soho Finger and Gib Heath
- PN21 Sparkhill North and Central
- PN22 Highgate, Digbeth and St Andrews
- PN23 Summerfield and Central Ladywood
- PN24 Ward End and Pelham
- PN25 Winson Green, Brookfields, West Summerfield

Data is from the Birmingham Opinion Survey conducted by MORI, 2009.

Note: data relating to Birmingham's Priority Clusters was not collected in the 2008 survey.

2009 NI4 – ‘I feel that I can influence decisions affecting my local area’



KEY:

- - - The red line indicates the citywide average
- The solid line indicates the equivalent figure for the constituency
- Each bar represents the proportion of local residents agreeing with the proposition.

Birmingham Priority Neighbourhoods

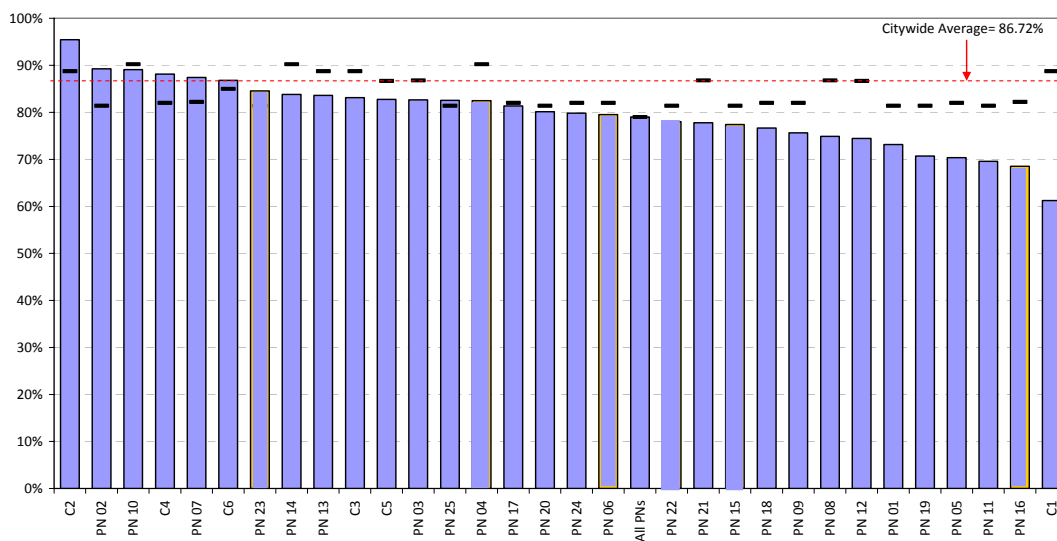
- PN1 Aston Pride
- PN2 Attwood Green
- PN3 Balsall Heath
- PN4 Birchfield
- PN5 Bordesley Green
- PN6 Firs and Romford
- PN7 North Yardley
- PN8 Farm Park and Sparkbrook North
- PN9 Glebe Farm and Lea Village
- PN10 Handsworth
- PN11 Newtown, Hockley and St Georges
- PN12 King Norton Three Estates
- PN13 Kingstanding Central
- PN14 Lozells
- PN15 North Nechells, Bloomsbury, Huddleston
- PN 16 Richmond and Bier ton Road
- PN17 Saltley and Washwood Heath
- PN18 Small Heath
- PN19 Small Heath and Bordesley
- PN20 Soho Finger and Gibb Heath
- PN21 Sparkhill North and Central
- PN22 Highgate, Digbeth and St Andrews
- PN23 Summerfield and Central Ladywood
- PN24 Ward End and Pelham
- PN25 Winson Green, Brookfields and West Summerfield

Data is from the Birmingham Opinion Survey conducted by MORI, 2009

Pockets of deprived areas clustered within Birmingham Constituencies to form Priority Clusters:

- C1 Erdington 1 Cluster
- C2 Erdington 2 Cluster (Castle Vale)
- C3 Edgbaston Cluster
- C4 Hodge Hill Cluster
- C5 Northfield Cluster
- C6 Selly Oak Cluster

2009 NI5 – ‘This is a good area to live in’



KEY:

- The red line indicates the citywide average
- The solid line indicates the equivalent figure for the constituency
- Each bar represents the proportion of local residents agreeing with the proposition.

Birmingham Priority Neighbourhoods

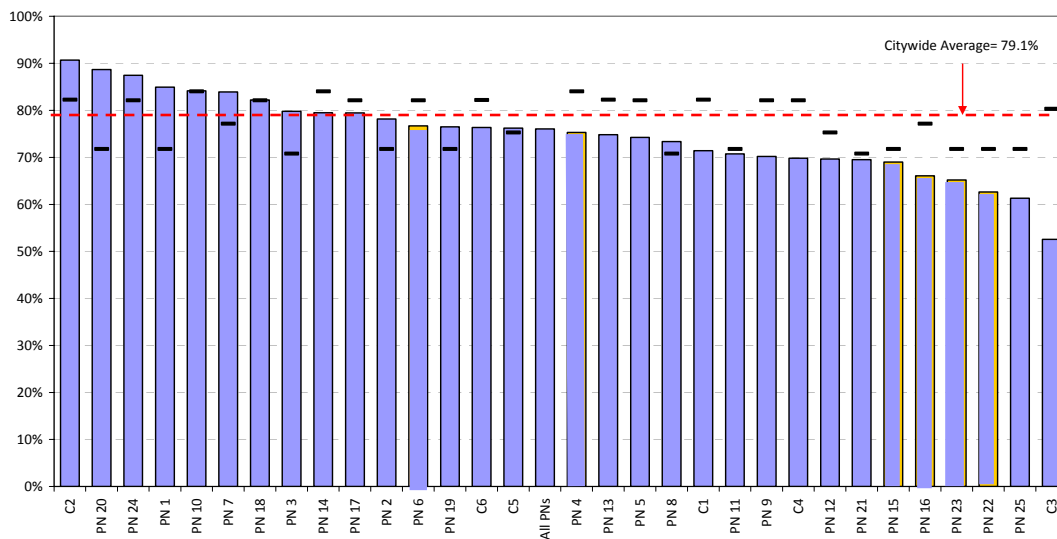
- PN1 Aston Pride
- PN2 Attwood Green
- PN3 Balsall Heath
- PN4 Birchfield
- PN5 Bordesley Green
- PN6 Firs and Bromford
- PN7 North Yardley
- PN8 Farm Park and Sparkbrook North
- PN9 Glebe Farm and Lea Village
- PN10 Handsworth
- PN11 Newtown, Hockley and St Georges
- PN12 King Norton Three Estates
- PN13 Kingstanding Central
- PN14 Lozells
- PN15 North Nechells, Bloomsbury, Duddeston
- PN 16 Richmond and Bierton Road
- PN17 Saltley and Washwood Heath
- PN18 Small Heath
- PN19 Small Heath and Bordesley
- PN20 Soho Finger and Gib Heath
- PN21 Sparkhill North and Central
- PN22 Highgate, Digbeth and St Andrews
- PN23 Summerfield and Central Ladywood
- PN24 Ward End and Pelham
- PN25 Winson Green, Brookfields and West Summerfield

Data is from the Birmingham Opinion Survey conducted by MORI, 2009

Pockets of deprived areas clustered within Birmingham Constituencies to form Priority Clusters:

- C1 Erdington 1 Cluster
- C2 Erdington 2 Cluster (Castle Vale)
- C3 Edgbaston Cluster
- C4 Hodge Hill Cluster
- C5 Northfield Cluster
- C6 Selly Oak Cluster

2009 NI1 – ‘People from different backgrounds get on well in my local area’



KEY:

- The red line indicates the citywide average
- The solid line indicates the equivalent figure for the constituency
- Each bar represents the proportion of local residents agreeing with the proposition.

Birmingham Priority Neighbourhoods

- PN1 Aston Pride
- PN2 Attwood Green
- PN3 Balsall Heath
- PN4 Birchfield
- PN5 Bordesley Green
- PN6 Firs and Bromford
- PN7 North Yardley
- PN8 Farm Park and Sparkbrook North
- PN9 Glebe Farm and Lea Village
- PN10 Handsworth
- PN11 Newtown, Hockley and St Georges
- PN12 King Norton Three Estates
- PN13 Kingstanding Central
- PN14 Lozells
- PN15 North Nechells, Bloomsbury, Duddeston
- PN 16 Richmond and Bierton Road
- PN17 Saltley and Washwood Heath
- PN18 Small Heath
- PN19 Small Heath and Bordesley
- PN20 Soho Finger and Gib Heath
- PN21 Sparkhill North and Central
- PN22 Highgate, Digbeth and St Andrews
- PN23 Summerfield and Central Ladywood
- PN24 Ward End and Pelham
- PN25 Winson Green, Brookfields and West Summerfield

Data is from the Birmingham Opinion Survey conducted by MORI, 2009

Pockets of deprived areas clustered within Birmingham Constituencies to form Priority Clusters:

- C1 Erdington 1 Cluster
- C2 Erdington 2 Cluster (Castle Vale)
- C3 Edgbaston Cluster
- C4 Hodge Hill Cluster
- C5 Northfield Cluster
- C6 Selly Oak Cluster

Appendix 4: House Prices in Birmingham

The table on the following page shows the average price of a terraced house in each of Birmingham's postcode districts in April 2000 and March 2010 taken from Land Registry data (subject to notes 3 and 4 below). Column 5 of the table shows the increase in value during this period in each postcode district. Column 6 shows that value as a percentage of the price in April 2000. Column 7 shows the classification of the postcode district as inner city, outer ring or suburban (see notes 1 and 2 below). Column 8 shows the expected price in 2010 if the rate of increase had been at the median level for postcode districts of the same classification. Column 9 shows the 'premium' increase in house prices over and above the expected price (ie Column 9 = Column 4 – Column 8).

NOTES :

1. Postcode districts are classified as inner city if they are mainly within the accepted Inner Ring as defined by Birmingham City Council.
2. Postcode districts outside the inner city are defined as suburban if the starting house price in April 2000 was £58,500 or more; and outer ring if the starting house price in April 2000 was less than £58,500.
3. All 2000 prices shown are as in April 2000 except that for B15 which is May 2000.
4. All 2010 prices shown are as in March 2010 except those for B7, B15, B34, B35, B38, B44 and B75 which are February 2010; B18 and B76 which is January 2010; and B10 which is March 2009.
5. Variations in the month taken as the bases in 2000 and 2010 were due to no sales/low volumes or other exceptional factors affecting price.

Terraced House Prices in Different Birmingham Postcode Districts 2000-2010

postcode	area	price in 2000 £	price in 2010 £	price increase £	percent increase	classification	expected price £	premium in £
12	Balsall Heath	40559	147000	106441	262%	inner city	109104	37896
9	Bordesley Green	34146	110667	76521	224%	inner city	91853	18814
19	Lozells	30700	94000	63300	206%	inner city	82583	11417
21	Handsworth	29734	88563	58829	198%	inner city	79984	8579
20	Birchfield	44837	121300	76463	171%	inner city	120612	688
18	Winson Green & Hockley	27143	73000	45857	169%	inner city	73015	
11	Sparkhill & Tyseley	42169	108643	66474	158%	inner city	113435	
6	Aston	33274	83000	49726	149%	inner city	89507	
10	Small Heath	37687	86250	48563	129%	inner city	101378	
8	Washwood Heath and Saltley	37885	83750	45865	121%	inner city	101911	
7	Nechells	40000	85750	45750	114%	inner city	107600	
28	Hall Green	60567	163667	103100	170%	suburban	129008	34659
17	Harborne	97603	243500	145897	149%	suburban	207894	35606
26	Sheldon	59765	145250	85485	143%	suburban	127299	17951
29	Selly Oak & Weoley Castle	60332	145277	84945	141%	suburban	128507	16770
30	Bournville	66346	153779	87433	132%	suburban	141317	12462
14	Kings Heath	58947	135433	76486	130%	suburban	125557	9876
16	Edgbaston/Ladywood	66378	145750	79372	120%	suburban	141385	4365
15	Edgbaston	112633	240000	127367	113%	suburban	239908	
72	Sutton Coldfield	83862	165000	81138	97%	suburban	178626	
74	Four Oaks, Streetly & Mere Gn	96975	182250	85275	88%	suburban	206557	
75	Sutton Trinity & Falcon Lodge	75000	138000	63000	84%	suburban	159750	
13	Moseley	101212	173492	72280	71%	suburban	215582	
27	Acocks Green	59258	96667	37409	63%	suburban	126220	
73	Boldmere & Wylde Green	82412	118583	36171	44%	suburban	175538	
76	Walmley	80505	163625	83120	103%	suburban	185204	
35	Castle Vale	42858	96000	53142	124%	outer ring	86145	9855
44	Perry Barr and Kingstanding	46230	100825	54595	118%	outer ring	92922	7903
34	Shard End	49535	107000	57465	116%	outer ring	99565	7435
38	Kings Norton	48372	103500	55128	114%	outer ring	97228	6272
36	Hodge Hill & Castle Bromwich	53682	113767	60085	112%	outer ring	107901	5866
23	Erdington Short Heath	47028	95000	47972	102%	outer ring	94526	474
32	Woodgate, Bartley & Quinton	54300	108900	54600	101%	outer ring	109143	
25	Yardley	42587	83917	41330	97%	outer ring	85600	
45	Rednal & Rubery	48404	92500	44096	91%	outer ring	97292	
31	Northfield	53766	98188	44422	83%	outer ring	108070	
24	Erdington Tyburn	58396	105000	46604	80%	outer ring	117376	
42	Perry Barr & Hamstead	53692	88000	34308	64%	outer ring	107921	
33	Kitts Green	46032	72750	26718	58%	outer ring	92524	

