

Leading From Behind?
***Exploring the key elements of collaborative governance to support the operationalization of
the region's Healthy Urban Living strategy.***

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"In economic life the possibilities for rational social action, for planning, for reform – in short, for solving problems – depend not upon our choice among mythical grand alternatives but largely upon choice among particular social techniques...techniques and not 'isms' are the kernel of rational social action in the Western World"

Dahl, R., Lindblom, E. 1953, Politics, Economics and Welfare: Planning and Politico-Economic Systems Resolved into Basic Social Processes, New-York: Harper and Row

"Nothing that occurs in the public service is just about techniques. Everything that occurs is about values and meaning and significance"

Denhart, R.B., 1993, The pursuit of significance, strategies for managerial success in public organisations, Belmont California, Wadsworth Publishing Company

If you can, avoid collaboration.

Huxham, C., Vangen, S. (2005). *Managing to Collaborate*. New York: Routledge

Abstract

In this paper we analyse Utrecht's efforts to adapt policies towards more inclusive, collaborative and outcome driven strategies. More and more people tend to live in cities worldwide. Utrecht is the fastest growing city of the Netherlands and is one of the top ten growing cities in Europe. At the same time, Utrecht is - in economic terms - the most competitive region of Europe and known for its excellent quality of living. How to continue growing and at the same time hold up on this extraordinary track-record? This study is aiming to understanding policy decision making processes and the challenges of implementation. The case studies look particularly at how Utrecht acts on several (decentralized) societal challenges and at Utrecht's collaborative approach to it. The paper identifies key-elements for effective collaborative governance as a framework for reviewing Utrecht's policies in the case studies.

1. Introduction: the triumph of the city?

Half of the world's population lives in cities and by 2050 this will be 70%. Cities attract people for several reasons. Of course, because of access to jobs. However, many people leave a certain job for the city. So there is more: higher wages, adventure, social pressure, creativity, meeting places, innovation. The idea that 'Cities are humanities greatest invention'¹ became widely spread in recent years. Urban area's nowadays are known for their innovation power, productivity², efficient expenditures and for empowering the economy of scales.

However: some inhabitants profit more than others from the city and the threat of agglomeration deficits³ will always be with us. The Netherlands Environmental Assessment Agency pointed out that the triumph of the cities is a divided triumph⁴, that some groups of inhabitants profit more than others, that inequality rises in the Dutch cities in general. This also holds for Utrecht⁵.

Generally, as a global trend, central governments are decentralizing policies and policy implementations to local governments (city level). The idea is that cities are able to adapt policies and actions to the specific needs of their constituencies. Thus, cities are reinventing their stakeholder management and decision-making processes and their accountability and legitimacy frameworks.

2. Utrecht

Since Utrecht is the fastest growing city in the Netherlands, one of the top-ten fastest growing cities in Europe and since the city is the pivot point of the most competitive region of Europe and known for his excellent quality of living, Utrecht feels the opportunity and responsibility to strive for optimal societal outcome of her policies. For the city itself, but also for others to profit from it.

Utrecht's ambition – not just of the government, but also of external partners - is growth by the standards of 'Healthy Urban Living'⁶. This means the city chooses to grow with 70.000 inhabitants till 2030, within her current boundaries and with the ambition to be even more prosperous and inclusive than now. The excellent regional knowledge institutions, regional governments and companies are working together intensively on implementing this strategy. The city is working on both a top-down and a bottom-up approach to change its own organisation and at the same time to operationalize the concept of Healthy Urban Living. This means, in line with Fernandez and Rainy (2006): ensuring the need, provide a plan, build both internal and external support, ensure top-management support, provide resources, institutionalize change and pursue comprehensive change.

At the same time, the municipal organisation has to adapt to new collaborative approaches. An intensive change strategy (via-B) has been set-up in recent years. One of the key-findings of a recent review⁷ is that it has become common practice among professionals of the organisation to search for external initiatives and that the organisation is successful in doing so. At the same time however, there is a call for stronger HR instruments and more operationalization of the overall strategies of Healthy Urban Living and the inclusive city⁸. One of the notes is that the corporate sector could be better involved.

¹ Glaeser (2012)

² OECD (2014)

³ OECD (2014)

⁴ Planbureau voor de Leefomgeving (2016)

⁵ Utrecht Monitor (2016)

⁶ Gemeente Utrecht (2015).

⁷ Visitatiecommissie Organisatievernieuwing Gemeente Utrecht (2016)

⁸ Middelkoop en Bossert (2016)

3. Collaborative Public Management

A fast growing city as Utrecht meets great challenges and opportunities to tackle these challenges. The OECD (2014) states that better management of cities can reduce many of the disadvantages of urban areas to improve well-being. Shorter commuting times, safer streets, a lower level of air pollution and access to quality public services depend on more coherent, strategic planning at the metropolitan scale. However, local and regional government cannot tackle these challenges on their own.

Agranoff and McGuire⁹ argue that cities can make conscious decisions about the form and content of their development. And that these decisions make a substantial difference. They cite empirical studies to show that the city's strategies can directly be linked to its performance. They link 'correct' strategies with innovative and entrepreneurial city officials and with an increasing amount of intergovernmental and inter sectoral collaboration.

Creating Shared Value

Another driver for collaborative public management is the fact that most challenges for growing cities can be defined as 'wicked problems' with no simple solutions and complex interdependencies. Multiple actors, both public (on several levels) and private are needed. Luckily, according to the management literature on both public and private management, the public sector and private sector paradigm are heading in the same direction: towards more shared interests (figure 1). Porter and Kramer¹⁰ introduced 'Shared Value' to describe this. 'Shared Value reveals that the congruence between societal progress and productivity in the value chain is far greater than traditionally believed'. Porter's and Kramer's view from business perspective matches Moores view on Public Value reasoning that the public manager should act as an entrepreneurial, independent, moral actor, with its own lines of communication to a broad spectrum of stakeholders.

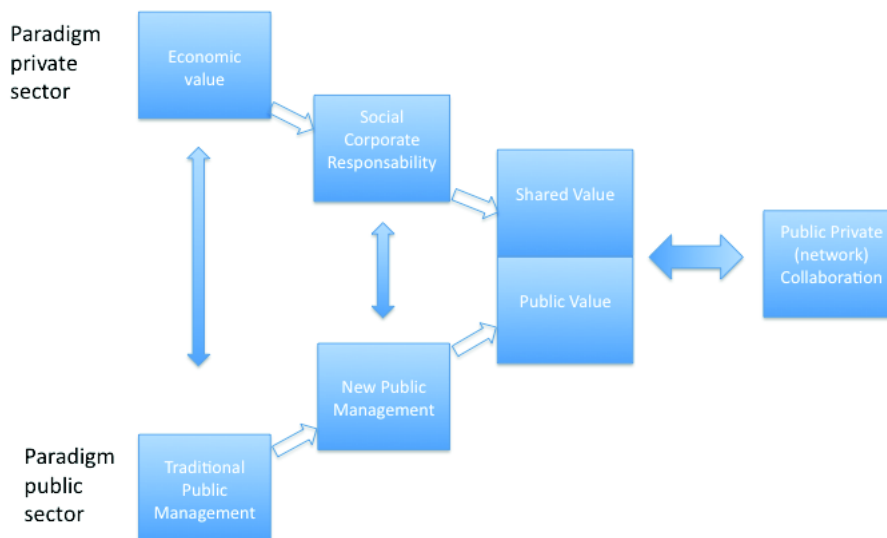


Figure 1: Illustrating the development of both public and private paradigms towards shared value

The increasing call for intergovernmental and inter sectoral collaboration aligns with the trend towards shared value and requires a new perspective on:

- a) how to achieve results in network collaboration,
- b) the role of governments in networks,
- c) the use of governmental tools in a more shared value society.

⁹ Agranoff and McGuire (2003)

¹⁰ Porter, M.E., Kramer, M.R. (2011)

4. Getting Results in network collaboration

Getting results from networks requires a comprehensive framework that contains a set of strategies for addressing the following seven areas 1) Set Goals, 2) Align Values, 3) Build Trust, 4) Structure Incentives, 5) Share Risks, 6) Measure Network Performance, 7) Manage Change. This is a cyclic process (figure 2):

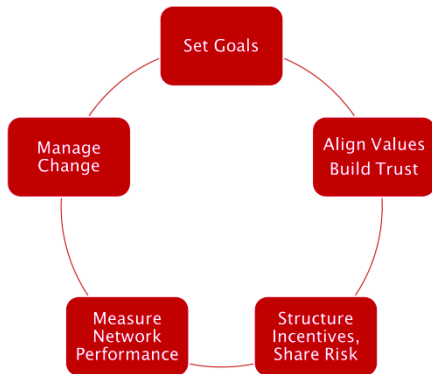


Figure 2: accountability framework for Networks, Goldsmith and Eggers (2004)

5. The role of government in different governance models in network collaboration

The government role differs with the circumstances and depends on three key criteria (figure 3): trust, the number of participants and goal consensus. The government must truly be in the lead when it comes to parties that have limited faith in the government's objective. As the goal consensus between the government and companies increases, the government can dissociate itself more in terms of responsibility. The role the government then chooses to play depends on the faith other partners have in the government and the number of network members. That means that the required network competence of the government (and other partners) does increase, as does the appeal to the flexibility of the government.

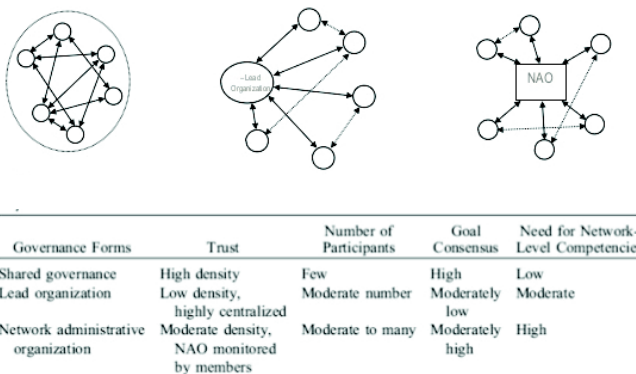


Figure 3: Key predictors of effectiveness of Governance Network Forms, Provan and Kenis (2007)

6. Governmental tools: from direct to indirect governmental instruments

Since governments are forced into more collaborative public management (Agranoff and McGuire) and since there are growing shared interests between the public and private sector (Porter and Kramer), local and regional governments increasingly deploy their means to the development of less traditional government instruments, such as revolving funds, guarantees, cooperative contracts, loans and compensation funds. These less traditional instruments are

typically instruments that are developed, designed and implemented by government in cooperation with and sometimes depending on external parties¹¹. In all, twenty-one government tools (for regional government) identified¹² can be distilled from the literature (see the figure below), varying from direct to indirect.



With regard to an effective deployment of the tools, the following generally applies (Salomon, 2002), the more indirect the tools are:

- the more important the use of market mechanisms (and therefore, the existence of a market) becomes
- the more the government has to invest in bridging the distance between civilian and government ('value transfer')
- the more parties are excluded
- the more the need for networking skills of the government increases
- the more the appeal to the operational flexibility of the government increases

7. Summarizing: key elements for effective governance

| <i>Achieving results in network collaboration</i> | |
|---|---|
| Set Goals | The presence of clear and well-publicized shared goals of the network partners and the alignment at all levels regarding goal worthiness, including financial commitments of all partners sharing the goals. |
| Align Values, Build Trust | Examine the presence of trust that parties have in each other and in the network goals and align the governance structure and role (see 'role of government'). |
| Structure Incentives | <ul style="list-style-type: none"> - Tie incentives to results, rather than activities - Beware of the practice of skimming the easiest cases and leaving the difficult for other partners to handle - Share savings from operating more efficiently - Seek reasonable performance guarantees |
| Share Risk | <ul style="list-style-type: none"> - Make sure all partners understand the risks - Beware of risk not being fully transferred to one of the partners - Balance risk and control over the network - Establish dispute resolution mechanisms - Prepare for unknown challenges |
| Measure Network Performance | <ul style="list-style-type: none"> - Agree on monitoring indicators (aligned with the goals), methods and on the underlying databases providing the data - Do monitor |
| Manage Change | Adaptive Management provides partners with flexibility in the goals and methods they select. Partners will learn during the life of the network. Partners often make discoveries, arrive at new solutions, find existing practices outdated. Balancing flexibility and accountability. |

¹¹ Salomon(2002)
¹² Koster (2011)

| <i>The role of government</i> | | |
|---|--|---|
| Key predictors of Network Governance Performance | Trust | The government must truly be in the lead when it comes to parties that have limited faith in the government's objective. |
| | Number of participants | The higher the number of participants, the greater the need for leadership in the network and the higher the need for network competences |
| | Goal Consensus | As the goal consensus between the government and partners increases, the government can dissociate themselves more in terms of responsibility. The more goal consensus, the more can be left to other partners. |
| | Need for Networklevel competencies | The need for Networklevel competencies, rises with the number of parties involved. |
| <i>From direct to indirect governmental instruments</i> | | |
| People | The more indirect the tools are, the more the need for (non-traditional) networking skills of the government increases | |
| Process | The more indirect the tools are, the more the appeal to the operational flexibility of the government increases. The more indirect the tools are, the more parties are excluded | |
| Performance | The more indirect the tools are, the more government has to invest in 'value transfer' The more indirect the tools are, the higher the use of market-mechanisms | |

8. Case: Buurteams

With the State devolving responsibilities to local authorities for youth care, welfare work, social assistance and participation, a huge responsibility came to the local government. With the following characteristics and motivations:

- *Municipality as primary authority*
- *Closer to community, change bottom up*
- *Better cooperation starts in the neighbourhood*
- *Stimulating participative citizenship; from: "care for citizens" to "draw on your own strengths and participate the best you can"*

***The Buurteams** is the Utrecht answer to this, starting in 2015. Multidisciplinary teams, working with numerous community partners and (client) organisations. Utrecht choose a developmental approach in the forming of the 'Buurteams'. Four municipal departments/organizational units were involved, 10 political parties, some 25 client and interest groups, 120 healthcare providers, a couple of thousand staff, about 30,000 clients. The development of the Buurteams required a radical change in thought and action both of the partners and the local government.*

Achieving results in the collaboration

- Utrecht anticipated this change in an early stage (2011), which gave time for building trust and aligning values with partners. We used that time to start numerous conversations with partners at all levels. Together with the partners we agreed on leading principles such as: we want responsibility at the level of professionals and we strive for 'simplicity' of the system.
- We all agreed in an early stage that we had to simplify the social neighbourhood structure. Partners committed themselves to the formula of 1 plan, 1 family, 1 social worker, which was a huge change from common practice at the time.
- A complicating factor was that national government developed conditions (regulation, financial), while the regional network already started with the change and implementing process. This made it difficult to structure incentives, since the network itself was not clear on its incentives. However: relations with national government were intensively organised.
- Whole new monitoring instruments have been developed for this operation, that still have to prove themselves (implementation has only just begun), but that have been developed with partners and is discussed regularly as a tool for adjustment and learning.
- One of the key factors for managing change is the development of a training program for all civil servants in the Social Domain: the 'Urban Professional course' to work on new (networking) skills, but also for role-awareness and for implementing and sharing vision and principles. One of our challenges is to keep this going and also build instruments for the Buurteam professionals in the operations.

Governmental role and instruments

- Since the number of partners is extremely high, the local government adopted the role of lead organisation in an early stage, in 2011 the local government took the initiative to anticipate, working on the conditions of operation for the Buurteams. This worked out well, but was also tough, since the development of the Buurteams required organisational change from the internal organisation, as it did for most of the partners.
- Utrecht chose to give a lot of space to let professionals do as they see fit and leave daily operations to professionals, thus not do it ourselves, as some local governments elsewhere in the country do. This introduced market mechanisms, since we committed third parties by means of innovative approach and contracts, we attracted innovative partners that were hardly active in this field in the city before. This accelerated innovation, gave responsibility to our contract partners, but also gave political discussions, as traditional partners were excluded as contract partners.

9. Case: Energy Transition

*Utrecht has formulated ambitions for energy and climate. In 2030 the city strives to be climate neutral and to have an energy supply that is fully renewable. Aware of the far reaching consequences and necessity of cooperation with national, regional and local parties the municipality has set up an energy action programme, called **The Energy Transition**. This programme consists of straightforward projects and measures, but also includes building consensus on the goals with citizens as well as cooperation with stakeholders in the realisation process. This case illustrates two examples of this way of working: the City Talk on Sustainable Energy and the experimental setup of a local “steering group on energy/infrastructure innovative investments”.*

Achieving results in the collaboration

- Utrecht organised the City Talk on Sustainable Energy, a dialogue with 165 randomly selected citizens to discuss and agree on an energy plan to make the city sustainable in 2030. All participants received factsheets to get everyone on the same information level. The discussions started from scratch. The City Talk consisted of three full Saturdays of intensive discussions, market places with stakeholders and experts and panel discussions. Key words of this approach are: grass roots approach, deliberative democracy, informed discussion, creation of shared goals.

- In the process we learned that choices need to be made in terms of investments in energy infrastructure that need at least the interaction with three to four parties. These parties: local government, energy/grid companies and housing corporations do not have the decision power or mandate to decide on the changes in energy infrastructure in residential areas. We clearly need new forms of decision making here. Energy solutions will be different depending on the area. Approaches will differ per area. The current energy laws are no longer suitable for locally optimal decisions. Utrecht built a meeting place of decision makers of grid company, housing organisations, city (Alderman level), consumer group and district heating provider. The aim of this platform is to build trust and move towards new types of investments in the energy infrastructure and energy supply. We need experimenting beyond traditional responsibilities and create basis for new energy laws. This platform, the “Griftpark” group, started April 2016 and we hope that before the end of 2016 the first large scale experiment can be kicked off.

Governmental role and instruments

- One of the complexities of the participatory process of the City Talk is the interference between this way of decision making with the current representative democracy and the traditional way of working. The city council has struggled with the outcome of this Energy plan made by citizens and it took another 6 months for the Council to incorporate the citizen’s plan in their existing climate policy.

10. Case: Social Impact Factory

The Social Impact Factory (SIF) was founded in 2015 by the city of Utrecht and Kirkman Company, a consultancy firm. The foundation was co-founded by a group of corporates, social enterprises and a community organisation. At this time, over seventy five partners (varying from social entrepreneurs to large corporates) have joined the network. The platform aims to promote and advance social entrepreneurship and functions as knowledge hub and a network of social enterprises. The goal is to work towards social entrepreneurship as the new normal. The SIF connects and inspires organisations to become more social.

The SIF offers three services:

- *social procurement: the SIF matches social entrepreneurs to companies that want to buy social on the online marketplace 'The Social Impact Market'.*
- *challenges: the SIF brings together organisations in order to tackle a specific social challenge in a entrepreneurial way.*
- *change making: the SIF organises numerous events to promote social entrepreneurship.*

Achieving results in the collaboration

- Utrecht and Kirkman saw an opportunity in bringing together a growing number of social enterprises and private organisations that sought to fulfil a social purpose. The network that was established thus consists of a wide variety of partners. Each with different values and goals, but with an shared interest in adding social and/or environmental value. Utrecht acts as one of the partners and has contributed to the network by delivering start-up financing.
- The network achieves results by strengthening the collaboration between social enterprises with creative solutions for social challenges and private companies that want to invest in these enterprises.

Governmental role and instruments

- The Colour Kitchen is a successful example of a non-traditional collaboration that has emerged from the network: The Colour Kitchen gives unemployed youths a chance to work, get their diploma and coach them towards a payed job, thus contributing to Utrecht's goal of becoming the municipality with the lowest unemployment rate in the country. A Social Impact Bond, an innovative public-private financing construction, makes it possible for the Colour Kitchen to grow. Utrecht pays the private investors when the participants have successfully graduated and found a job.
- The changing role of local government is also seen in the 'Challenges': Utrecht asks partners in the network to devise creative and sustainable solutions to social challenges that traditionally would have been solved by letting public officials design policies and rules. This way of working gives space for co-creation, participation and bottom-up policies.

Conclusion and discussion:

- Overall, we could say that we learn to adapt policies towards more inclusive, collaborative and outcome driven strategies and are meeting most of the key-indicators for effective collaborative network management.
- Reading this all, one could get the impression that all is implemented by one big master plan, the contrary is the case. It has been a real 'learning by doing' process. Adjusting to current insights and information all the time, just starting to get things done, without knowing all of the conditions and institutionalising change as we agree on successes.

- The experimenting, learning government, using indirect tools in network collaboration is excluding partners more and more. This is problematic politically. How to deal with the exclusion of partners?
- Visibility, accountability and responsibility. Since we want the Buurtteam to be the visible and responsible partner, we struggle with our 'visibility': we want the Buurtteam to take responsibility and be visible, but media and politics (both national and regional) often discuss the governmental responsibility. The Social Impact Factory was started in cooperation with a leading consultancy firm, that is now a preferred partner. However this sometimes holds back the participation other regional governments as they do not want to commit themselves to one partner.

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