

# **THE ROLE OF CONSULTANTS IN URBAN REGENERATION: A MERSEYSIDE CASE STUDY**

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of Doctor of Philosophy in the Faculty of Social and  
Environmental Sciences**

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## **ABSTRACT**

This thesis is the product of an Economic and Social Research Council (ESRC) collaborative case studentship, jointly developed between the University of Liverpool Geography Department and a Merseyside-based, private sector consultancy firm. The studentship arose in response to the recognition that consultants were playing an increasingly significant role in urban regeneration activity yet this role remained under-researched.

Using qualitative research methods (primarily participant observation and semi-structured interviews) the thesis seeks to explain the role of consultants in urban regeneration, using Merseyside as a case study area. The theoretical framework draws on literature from economic and social geography focusing, on the one hand, on knowledge and learning transfer and specifically the notion of the 'learning region' and, on the other, on governance and the notion of the 'hollowed-out' nation state. It also seeks to incorporate geography and management based literature that has examined the role of producer services in late twentieth and early twenty-first century economies. Focusing on demand and supply interactions in the regeneration sector, the thesis argues that state restructuring processes have created a demand for consultants as a result of the lack of knowledge and resources of local governance actors. In response, there has been an increasing supply of consultants over recent years specialising in regeneration related services. Consultants have become embedded in newly forming local governance structures and need to be viewed within these as key knowledge carriers/transmitters.

The research for the thesis was undertaken during a period of increased government rhetoric and policy focus on developing the knowledge and learning of the actors involved in urban regeneration. The thesis concludes with a critical examination of the degree to which knowledge and learning in regeneration are being consolidated and argues that public policy needs explicitly to encourage the direct transfer of knowledge and learning between all governance actors.

## **DECLARATION**

No portion of the work referred to in this thesis has been submitted in support of an application for another degree or qualification of this or any other University or institute of learning.

Since receiving a degree of BSc Econ (Hons) in International Politics and Geography from Aberystwyth University in 1998 and an MA in Geography from Manchester University in 1999, Gerwyn Jones has been engaged in full-time research on the present thesis for a period of three years at the Liverpool University Geography Department and nearly one year part-time research at the same institution, whilst working full-time as a senior research consultant with a Merseyside consultancy firm.

## **PREFACE AND ACKNOWLEDGEMENTS**

This research has been an Economic and Social Research Council (ESRC) funded collaborative case studentship between the University of Liverpool Geography Department and Insite Research and Consulting.

A much appreciated thanks go out to many people who have helped me throughout the course of my research. A big thank-you to my supervisors, Richard Meegan and Jane Hobson, for their constant support, advice and guidance during the past four years.

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 THE ESRC COLLABORATIVE CASE STUDENTSHIP**

The research reported here is the product of an Economic and Social Research Council (ESRC) collaborative (CASE) studentship, jointly developed between the Department of Geography at the University of Liverpool and a local Merseyside consultancy firm<sup>1</sup>. It was designed to explore ‘The role of consultancy within local urban regeneration’, using Merseyside as a case-study area.

The studentship was established in response to the shared perception on the part of both the Department of Geography and the local consultancy firm, that consultants had been particularly important in the delivery of such “bottom-up” regeneration initiatives as City Challenge, the Single Regeneration Budget from central government and European-sponsored initiatives such as the “Pathways to Integration” measure of the Objective One plan (see Appendix A). This involvement had included, for example, the establishment of guidelines for funding applications, devising scoring methodologies for funding bids, assisting in the preparation of funding bids themselves, evaluating projects and initiatives, developing ‘area strategies’ and ‘action plans’ and ‘capacity-building’ in local communities. Indeed it was hard to see how the different programmes could have been developed without this involvement – yet the latter remained under-researched.

This thesis is an attempt to fill this gap, seeking to conceptualise and measure the role of consultants in the process of urban regeneration. It began in September 1999 and the majority of the fieldwork, which is discussed in chapter three, was carried-out between January 2000 and December 2001.

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<sup>1</sup> The name of the firm remains anonymous for confidentiality reasons.

## 1.2 THE REGENERATION CONSULTANCY MARKET IN THE UK

A recent survey published in Regeneration and Renewal (February 16<sup>th</sup>, 2001) revealed that many of the UKs leading consultancies, within the planning and urban design sector, now draw a significant amount of their income from regeneration related work, with proportions ranging from sixty to eighty percent (see Table 1.1). Another regeneration and planning based journal has also highlighted regeneration as a leading growth area within the UK consultancy market:

“Large-scale regeneration, mixed uses, the increasing focus on urban design and tighter environmental regulations are the key influences on business growth [for consultants].” (Planning Magazine, November 8<sup>th</sup> 2002, p.16)

As one of the consultants questioned as part of the survey argued:

“Our new planners have gone into our regional network - particularly into regeneration teams. This is a growing area of business.” (Planning Magazine, November 8<sup>th</sup> 2002, p.16)

**Table 1.1: Percentage of Consultancies’ Fee Income Related to Regeneration**

Rank	Company Name	% of income from urban regeneration	Total fee income (£)
1	Business Location Services	80	600,000
2	David Lock Associates	78	2,500,000
3	Fynn & Partner	75	250,000
4	Robert Drysdale	75	552,000
6	CSJ Planning Consultancy	70	370,000
7	Robert Turley Associates	70	4,200,000
8	Steven Abbot Associates	70	236,000
9	King Sturge	65	1,020,000
10	The Halper Partnership	60	436,000

Source: Regeneration and Renewal: February 16<sup>th</sup> 2001

The survey carried-out by the Planning Magazine argued that not only would the regeneration sector continue to provide a growing area of business for consultancy firms, but that this would also draw more consultants into the sector resulting in an expansion of firms providing regeneration related services (Planning Magazine, November 8<sup>th</sup> 2002).

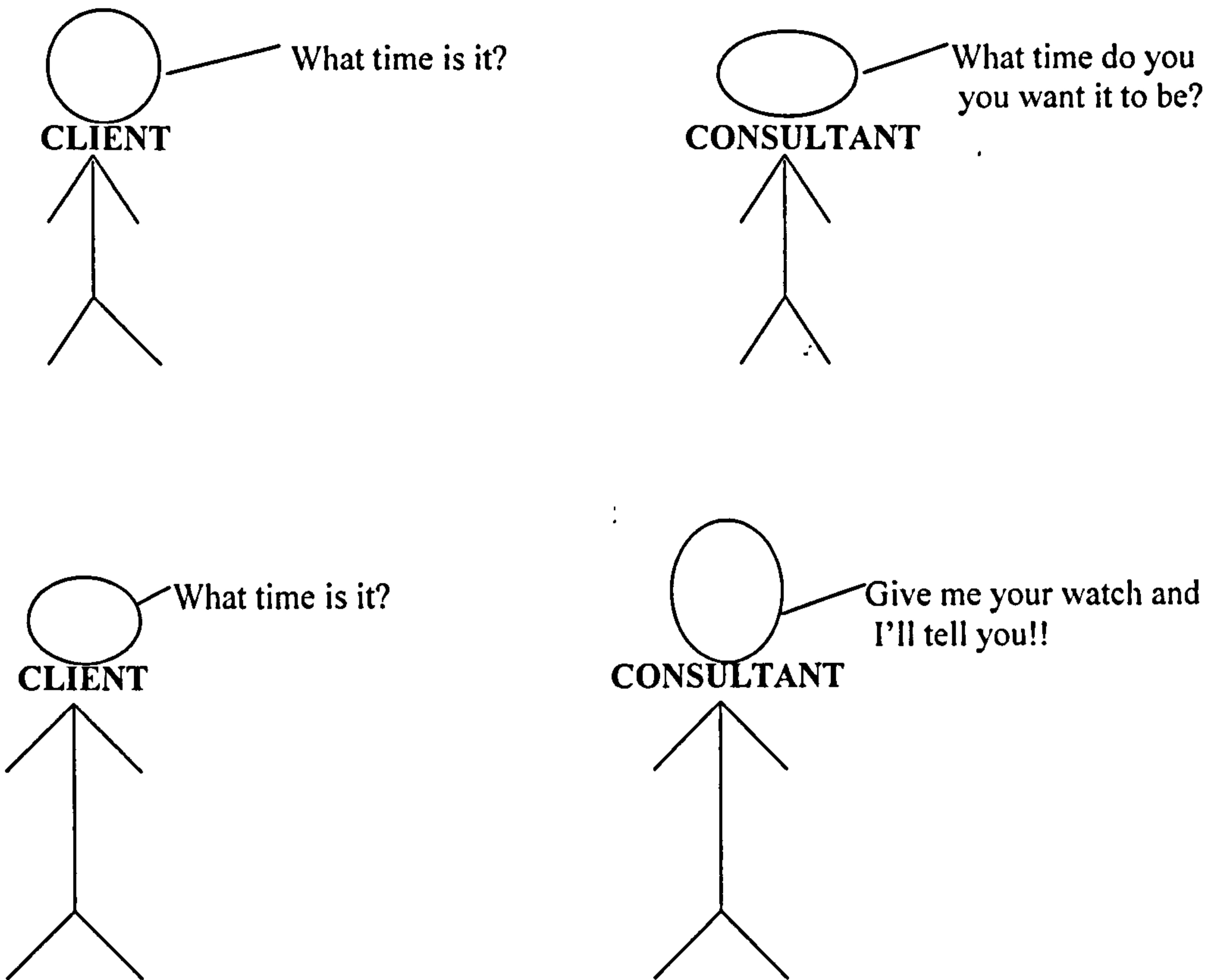
This growth, however, remains contentious with commentators claiming that consultants siphon off significant amounts of money aimed at regenerating some of the UK's most deprived areas. One commentator, for example, referred to New Deal for Communities as 'New Deal for Consultants' in protest against the amount of money being spent on consultants in Merseyside (cited in Regeneration and Renewal, August 2001a). Another individual, in a letter to the same magazine, argued that "consultants are mainly in it for themselves, dipping in and out of the community without leaving much behind except the invoice" (cited in Regeneration and Renewal, 2001b). In another magazine a community education development officer was less forthright arguing that "...consultants come in all shapes and forms. Some are fly by nights that take the money and run, but others are genuine in their desire to build a community's capacity" (cited in New Start Magazine, September 2001).

The sketches in Figure 1.1 highlight other familiar criticisms that have been levelled at consultants. The first of these indicates that consultants are utilised for solely legitimisation purposes, whereby consultants are used to provide clients with information that they want to hear. The second criticism suggests that the work produced by consultants does not provide any new information, but simply reproduces information that the clients themselves already have. This criticism was also highlighted in a comment in a newsletter from the North West Branch of the Institute of Economic Development (October 2001):

"You know the game – consultants are brought in to give advice on policy, strategy and implementation, things which ought to be familiar but you have not seen on expensive black and white paper before."

It would seem, therefore, that the growing regeneration consultancy market in the UK has been accompanied by an anecdotal critique, which, in turn, highlights the need for a theoretically informed examination of the activities of consultants. This thesis is an attempt to do this.

**Figure 1.1: What Time Is It?**



Source: Block; 1981, p.1

### **1.3 RESTRUCTURING OF THE STATE, LOCAL GOVERNANCE AND THE RISE OF KNOWLEDGE AND LEARNING PROCESSES IN URBAN REGENERATION**

Local and community based regeneration has suddenly come of age in the UK. This marginal sector of the economy is 'fast becoming seen as a key part of the initiatives required to deal with the deep-rooted problems of poverty and social exclusion' (West, 1999, p.12) affecting our urban environments. In Britain, it would seem that policymakers and those working within regeneration are becoming increasingly interested in the contribution of local area based regeneration initiatives towards relieving poverty, reintegrating people economically and creating long-term sources of wealth in poorer communities. As this statement by the then Regeneration Minister Richard Caborn, demonstrated:

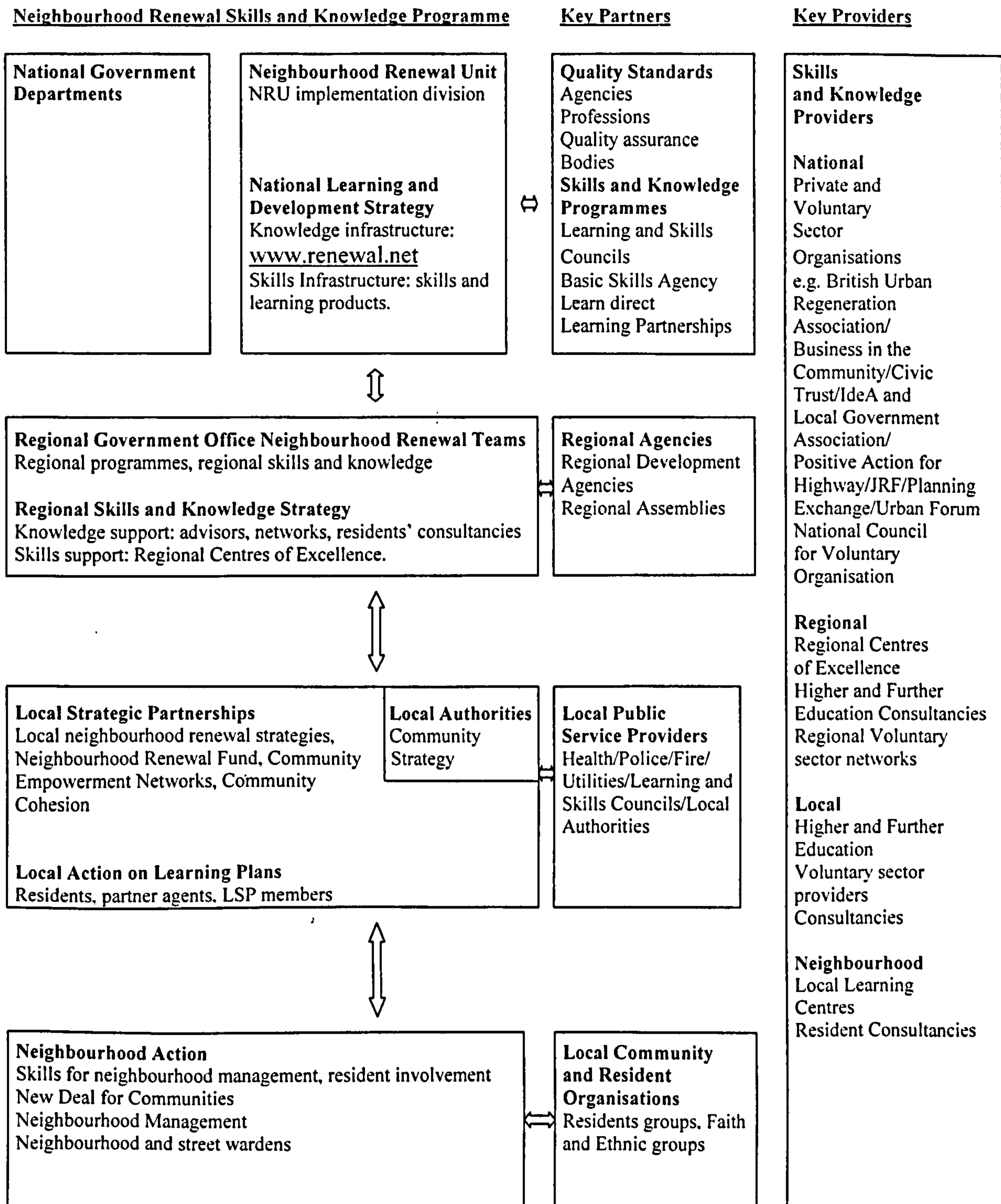
“The Government places great importance on the real involvement of local communities in the whole range of regeneration activities. It is important to the success of regeneration programmes to involve as many people as possible. This can lead to better decision-making, enhanced programme delivery and improved sustainability.” (1997; cited in Raco, 2000, p.574):

Indeed, by the late 1990s, a rich lexicon of terms has emerged surrounding these area based initiatives, including – “community development”, “community regeneration”, “partnership”, “capacity-building”, “community involvement”, “local empowerment”, “collaboration” and “alliances” (Hughes and Carmichael, 1998, p.206). Initiatives have proliferated accordingly with contemporary British urban regeneration policies now including the New Deal for Communities; the emphasis in the Single Regeneration Budget (SRB) on involving communities within regeneration partnerships, health and employment action zones, the Community Strategies of Local Strategic Partnerships and programmes sponsored by the Neighbourhood Renewal Fund, such as the ‘Community Chests’, ‘Community Learning Chests’ and ‘Community Empowerment Networks’. Units like the Neighbourhood Renewal Unit of the Office of the Deputy Prime Minister (ODPM) and the Active Community Unit run by the Home Office have been established to sponsor a significant number of these participatory programmes.

This trend of developing local community initiative programmes is also evident within a host of European regeneration initiatives. In areas such as Merseyside these have included, the Objective One programme since 1994, RECHAR, LEADER and URBAN – all of which have experimented with a more ‘bottom-up’, community based approach to regeneration (Atkinson 1999; Roberts and Sykes 2000).

In the UK, this move towards area-based regeneration has led to an increasing focus of late on the role of skills and knowledge in regeneration (see Figure 1.2). Recent publications from the Government’s Neighbourhood Renewal Unit and the Department for Education and Skills, such as the ‘Learning Curve’ (2002) and ‘Skills for Regeneration: Learning by Community Champions’ (2003), have reflected policy rhetoric in their aims to enhance learning and knowledge development amongst actors involved in regeneration, particularly those at local and community levels.

**Figure 1.2: Stakeholder Learning and Development Organisations in Neighbourhood Renewal**



Source: Neighbourhood Renewal Unit, 2002, p.21

At the national level Figure 1.2 highlights that the Government's Neighbourhood Renewal Unit (NRU) is responsible for leading on the delivery of the strategy. The NRU has established teams whose role is to develop 'the learning curve' of 'skills and knowledge' amongst these different

agencies and actors. Also involved are bodies responsible for setting learning standards and quality assurance at national level (Neighbourhood Renewal Unit, 2002, p.20). At the regional level the Government Office for the Regions (GOs) have responsibility for 'driving' skills and knowledge for neighbourhood renewal (ibid, p.20). The 'Learning Curve' also states that Regional Development Agencies and Regional Assemblies have an important role to play in collaboration with other stakeholders, including networks of practitioners, residents, voluntary bodies, and the proposed 'regional centres of excellence' (ibid, p.20). The Learning Curve highlights that the latter centres, although focusing originally on the built environment, will progressively move towards covering neighbourhood renewal and regeneration more widely. At the local level while local authorities are given the responsibility of developing 'community plans', Local Strategic Partnerships (LSPs) have been given the task of producing local neighbourhood renewal strategies including local action on learning plans to equip people to engage effectively in neighbourhood renewal (ibid, p.20). At the neighbourhood level the Learning Curve indicates that the Government is asking New Deal for Communities partnerships and Neighbourhood pathfinders to identify their learning needs in their delivery plans (ibid, p.20). Moreover, providers for learning at the neighbourhood level will include community and voluntary organisations, neighbourhood learning centres and residents' consultancies.

Figure 1.2 also points to consultants as a potential source for providing the knowledge and developing regeneration skills and learning amongst the actors now responsible for delivering regeneration initiatives and, by extension, underlines the relevance of the research attempted in this thesis.

### *Explaining the Current Policy Focus*

So why has this increasing interest in locally based social and economic regeneration and development caught the attention of policy makers in recent years? For the answer to this, it is necessary to look at the wider political context. Crucially, community participation and development 'have been increasingly and widely advocated, in both the North and in the South (in developed and developing countries), in the context of increasing poverty, polarization and social exclusion' (Craig and Mayo, 1995, p.3). In the wealthy countries of the West, economic recession and restructuring during the last three decades have resulted in growing social exclusion, with increasing numbers of people being pushed into long-term unemployment or into low-paid insecure jobs. In addition, free market/neo-liberal strategies, which were increasingly advocated from the late 1970s to promote economic development, were supposed to 'trickle down' to benefit the poor and the poorest. However, this has not happened and the processes of 'disjointed structural change' have been marked by pronounced uneven spatial development in which the problems faced by the poorest communities have been exacerbated (see Allen and

Cars 2002; Atkinson 2000; Byrne 1999; Glennerster et al 1999; Madanipour 1998; Musterd & Ostendorf 1998). In the context of the Third World 'structural adjustment programmes being advocated by the World Bank and the IMF, intended to encourage developing countries to promote market-led development, were failing most particularly to benefit the poorest' (Craig and Mayo, 1995, p.3). As Craig and Mayo note (1995, p.3):

“On the contrary, these programmes involving cutbacks in government spending as part of the shift towards more market orientated economics, were leading to increasing poverty, whilst simultaneously pressurising governments to reduce the social welfare programmes which could have gone towards meeting these increasing economic and social needs.”

In essence, these free market, neo-liberal strategies to 'roll back the state', both in the Third World and in urban, industrialized contexts, have been aimed specifically to reduce state spending on social welfare and promote alternative solutions 'based upon the private market, as well as upon the voluntary/NGO sectors and community-based self-help (Craig and Mayo 1995, p.4). Whilst not directly relevant to the research focus of this thesis, there is a growing body of literature has examined the growth of an NGO consultancy sector in the Third World specialising in economic and social development (Eade and Williams 1995; Turner and Hulme 1997; Korten 1990; see Appendix B).

Community participation and local development can thus be viewed as part of a wider political strategy to promote savings, to target services only towards those identified most desperately in need of them, and to shift the burden of resource provision away from the wider public sector towards communities, including those in the greatest need.

### *Theoretical Developments*

On a theoretical level, these trends can be seen as part of a broad process of state restructuring that forms part of an after-Fordist search for a new institutional fix to the crisis of contemporary capitalism (Jessop 1994; Peck and Tickell 1994; Peck and Tickell 1995a, 1995b). This state restructuring or reorganisation process has led to a shift from government to governance, with the local level of governance activity receiving a great deal of attention from economic geographers (Goodwin and Painter 1996; Jessop 1997; MacLeod and Jones 1999; Peck and Tickell 1995a, 1995b), in which it has been argued that a range of both quasi-state and non-state actors have engaged in influencing and directing the social and economic regeneration of local areas.

This new phenomenon of locally based economic and social development is therefore seen as 'potentially one way of coming to terms not so much with globalization directly, but of dealing



with the consequences of uneven development for areas which fail to 'win' in the new era of inter and intra-regional competition for work, wealth and well-being' (Haughton, 1999, p.9). Therefore, in an era of reduced state welfare provision, inducing local communities to develop their own strategies for survival becomes increasingly important in attempting to combat social exclusion processes.

As part of this focus on economic and social development, economic geographers have also focused extensively on the role of knowledge and learning as key processes towards securing the competitiveness of regions (Amin and Thrift 1995; Boekema et al 2000; Cooke and Morgan 1993; Hassink and Lagendijk 2001; Morgan 1997a). These authors have focused extensively on the actors and institutions that make up 'learning regions' highlighting the relationships and key local institutional milieux that may provide a way of encouraging and developing economic regeneration at the local level.

Another body of geography and management-based literature focusing more on the producer service sector has drawn attention to how knowledge intensive services, such as those offered by consultants, are on the increase in late twentieth and early twenty-first century economies (Daniels 1999, 1998; Daniels, Dinteren, Monnoyer 1992; Williams 1997; Coffey and Bailly 1992). Although not focusing on regeneration consultants per se, this literature does offer a supply-side account of the rise of consultancy activities in contemporary societies.

As chapter two will attempt to demonstrate, the role that consultants have in regeneration has only been touched upon implicitly in the academic literature and there has been no explicit discussion of the role that consultants have in regeneration in the UK. It is possible, however, to piece together a theoretical framework for understanding the role of regeneration consultants from the available literature. The theoretical framework needs to accommodate both demand and supply factors. Thus, for instance, the work on state restructuring and learning regions attempts to explain why there has been a demand for consultants in contemporary society while the work by authors on the producer service sector offers a supply-side account of the presence of such professional services in the economy. The existence of a regeneration consultancy market indicates that there are inevitably strong demand-based factors influencing the supply of consultants specialising in regeneration related work. The need, therefore, is to develop a theoretical framework that highlights the **interaction** between demand and supply factors. In this thesis, the aim will be to apply the framework to a case-study of Merseyside.

## **1.4 DEVELOPING POLICY RELEVANT RESEARCH**

In 1999, Peck suggested that all too often, academic practice within geography, seems to privilege abstract and 'scientific' knowledge over practical and policy-orientated knowledge, arguing that the two modes of inquiry have increasingly being regarded as mutually incompatible. Peck is careful not to argue that 'policy relevance' should be used as an overarching test of what geographers should either do or not do, but he does make a powerful argument that policy research is a legitimate and potentially creative aspect of the work of geographers that is currently being neglected or undervalued (1999, p.131).

Two years later Martin noted how the wholesale rethinking and reworking of public policy over the past couple of decades has provided human geographers with a major opportunity to enter and help shape the policy debate (2001, p.189). However, he goes on to argue that the impact of geographers in this policy realm has been limited, essentially because contemporary social and economic geography research renders it of little practical relevance for policy, and in some cases of little social relevance at all (ibid, p.189).

Indeed, Martin highlights that as a critical social science, he believes that human geography has a moral duty to engage with public policy issues and debates and it also requires us to interrogate and evaluate existing policies and policy-making practices to reveal their limitations, biases and effects (ibid, p.190). Martin states that much of the work at the 'cutting edge' of the subject either carries little, if any relevance, for public policy, or even where it does deal with important social and economic issues, it is often of a form that renders it difficult to transform into policy useful terms (ibid, p.190). One of Martin's key conclusions is that to be persuasive, research has to be relevant and practical, and backed up by persuasive empirical investigation and a clear logical argument. He states that 'policy makers are less able to ignore or reject policy research, even if it is highly critical of policies, if that research is well founded methodologically and empirically' (ibid, p.200). Moreover, he argues that it is also easier to change the views of policy-makers, if criticism is constructive, by which he means that it is accompanied with positive suggestions for improving or changing policy. Above all, Martin suggests that in order for a policy turn to occur within the discipline research has to become more 'action-based' (ibid, p.201). By this he means that research needs to be seen not simply as a mechanism for studying and explaining change, but by following our investigations through to their implications for possible policy intervention and action (ibid, p.203).

Peck (1999) argues that the debates surrounding the ‘hollowing-out’ of the nation state (see chapter two) provide a key point of entry for geographers to become engaged in policy debates. Peck suggest that this ‘hollowing-out’ process has occurred due to influences ‘in part by (auto)critiques of ‘big government’, in part by arguments around ‘subsidiarity’ and in part by the naïve faith in the capacity of innumerable local partnerships, specialist agencies and ‘little platoons’ to deliver the goods locally’ (1999, p.133). Moreover he continues by arguing:

“This ‘rescaling’ of policy capacities and measures clearly opens up opportunities for geographers to contribute to both ‘deep’ and ‘shallow’ policy debates” (ibid, p.133).

As the preceding discussion demonstrated, this research has been completed during a period when the focus of policy makers in the UK has shifted towards developing and expanding urban regeneration activities at the local level. In fact, a significant amount of policy rhetoric now encompasses the development of knowledge and learning amongst these local actors with responsibility for regenerating their local areas. As part of this policy development, key actors such as consultants are seen as potential providers of this knowledge. This is a key area where this research will attempt to contribute towards current theoretical approaches within economic and social geography, with the aim of also developing research findings which hold both critical and constructive comments with regard to current and future public policy developments.

## **1.5 THE RESEARCH DESIGN**

The CASE studentship perceived the need for theoretical and empirical research into the roles that consultants play in regeneration. In terms of empirical research the involvement of a local consultancy firm was crucial, in that it enabled me, as the researcher, open access to the ‘consultancy world’. Along with searching through secondary sources (journals, academic books, articles, etc) the research process began with me spending about two days a week with the firm. This valuable opportunity provided me with first hand insight into the workings of a locally based consultancy firm involved in the local regeneration process. As such, in contrast to many other research projects, this PhD enabled me to be on the ‘inside looking out’ rather than on the ‘outside looking inwards’ (see chapter three for a discussion of the issues surrounding this positionality). This opened up many doors, including working with the company on a number of their research and evaluation projects while also being able to build a personal network with other consultants and commissioning bodies.

The training that I received, both from the department/faculty and the consultancy firm, was very influential in terms of research design. The research undertook an intensive research design

approach, which aimed to uncover the complex role that consultants play in the local regeneration process. Chapter three provides an account of the research methodology and methods adopted and attempts to justify undertaking research on the case study of Merseyside and the adoption of a critical realist based method of intensive research. Stemming from this methodological approach, qualitative research methods were used to draw on as much evidence as possible. These included: participant observation, semi-structured interviews and a search of regeneration related newspapers, magazines and websites. The main body of field-work and research took place throughout the second and early parts of the third year of the PhD (between January 2000 and December 2001).

## **1.6 STRUCTURE OF THE THESIS**

Chapter two develops the analytical framework of the thesis. It begins by exploring the features that condition the supply of consultants in contemporary society, first by reviewing the traditional management consultancy literature in order to uncover who and what consultants are and then by looking at the relatively restricted body of literature that has directly addressed consultancy activity in economic and social development in a UK context. The chapter then examines the literature that, it is argued, holds the key to understanding the place of consultants involved in regeneration in contemporary society, namely that which demonstrates the growth of the producer service sector in post-industrial society.

The second half of the chapter reviews the literature that helps to explain the rise in demand for consultants in economic and social regeneration. It summarises the contemporary work that has been written on knowledge societies before moving on to discuss the key authors and developments in economic geography that have focused on knowledge and learning as part of a wider process of regional economic development. Thereafter the chapter moves on to discuss issues surrounding the hollowed-out nation state, urban governance and the rise of non-state actors in contemporary UK urban regeneration. Chapter two concludes with a set of research themes and questions emerging from the literature review that the thesis will attempt to address.

Chapter three discusses the research methods and methodology adopted to answer the questions raised in chapter two. It provides an in-depth account of the intensive research design used for the empirical research, which adopted qualitative methods of participant observation and semi-structured interviewing. The chapter also explores key issues, such as positionality, in relation to participant observation.

Chapters four and five present the research findings. Chapter four attempts to show how the restructuring of state activity has influenced the consultancy market on Merseyside. It also sketches out the key features of this consultancy market and examines the work undertaken by regeneration consultants. The chapter concludes with an examination of the interaction between consultants and their clients/commissioning bodies.

Chapter five attempts to show how these client-consultant relationships can be understood through the experience of the consultancy firm involved in the CASE studentship, illustrating the demand and supply interactions discussed in chapter four.

Chapter six concludes by drawing together the findings of the thesis, providing some theoretical reflections and making recommendations for future research. In the light of the discussion above of the relevance of research for policy, it also attempts to suggest how the research findings can be used to inform current policy debates.

# CHAPTER TWO

## TOWARDS AN UNDERSTANDING OF THE ROLE OF CONSULTANTS IN REGENERATION

### 2.1 INTRODUCTION

As chapter one suggested, there is a need for an approach that brings together supply and demand factors to understand the role of regeneration consultants and this chapter is structured accordingly. The first part of the chapter takes the supply side. Recognising the limited amount of literature dealing directly with regeneration consultants *per se*, it begins with a summary of the work on management consultancy that addresses the question ‘who and what are consultants’? This discussion is followed with a review of the small, but growing body of literature that examines the role of consultants in community development in the UK. The supply-side discussion concludes with a review of what is the most developed body of relevant research, namely that exploring the growth of producer services.

The second part of the chapter focuses on the literature that can help in developing a demand-side account of the role of regeneration consultants. It begins by introducing the notion of an urban and regional regeneration industry in which knowledge and learning are important processes. It then turns to an examination of the literature on knowledge societies and crucially the literature in economic geography that employs the concept of the ‘learning region’. It concludes with a discussion of the theories that seek to explain the restructuring of the state and changing forms of governance.

The chapter as a whole concludes with a proposed theoretical framework for understanding the role of consultants in regeneration that combines both supply and demand factors and a compilation of the principal research themes and questions that the thesis will attempt to address.

## **2.2 WHO AND WHAT ARE CONSULTANTS?**

There are many definitions of consulting and what it encompasses. However, most authors look at consulting through its application to management situations and problems i.e. management consulting (Kubr 1986, p.3). From this literature two basic approaches to consulting emerge.

The first approach takes a broad functional view of consulting. Fritz Steele defines consulting in this way: “By the consulting process I mean any form of providing help on the content, process, or structure of a task or a series of tasks, where the consultant is not actually responsible for doing the task itself but is helping those who are” (cited in Kubr 1986, p.3). Peter Block defines a consultant as “a person in a position to have some influence over an individual, group, or an organisation, but who has no direct power to make changes or implement programmes” (1981, p.1). Block even suggests that: “You are consulting any time you are trying to change or improve a situation but have no direct control over the implementation...Most people in staff roles in organisations are really consultants even if they don’t officially call themselves consultants” (1981, p.1). As Kubr states, these and other similar definitions emphasise that consultants are helpers, or enablers, and assume that such help can be provided by persons doing a wide range of different jobs. Thus, for instance, a manager can also act as a consultant if he/she decides to give advice and help to a fellow manager, or even to his/her own subordinates, rather than directing them and issuing orders to them (Kubr 1986, p.3).

The second approach views consulting as a special professional service and emphasises a number of characteristics that such a service must possess. According to Larry Greiner and Robert Metzger “management consulting is an advisory service contracted for and provided to organisations by specially trained and qualified persons who assist, in an objective and independent manner, the client organisation to identify management problems, analyse such problems, recommend solutions to these problems, and help, when requested, in the implementation of solutions” (cited in Kubr 1986, p.3).

Kubr regards these two approaches as ‘complementary rather than conflicting’ (1986, p3). In view of these definitions, consulting can be seen either as a professional service i.e. management consulting, or as a method of providing advice and help. In this sense, consulting, as a method, is applied by many technically competent individuals whose main occupation is not consulting but ‘teaching, training, research, IT systems, development and

providing technical assistance to developing countries in short term missions,' and so forth (Kubr 1986, p.4).

Hope (1992) further expands these concepts by suggesting that there are three key elements attached to a wider conceptualisation and definition of consultants. First, he suggests that a wider definition of consultancy is that of giving some kind of comment, advice or assistance. For Hope (1992, p.2), this could be giving specialist information, assisting a client to solve a problem, or simply a situation where the consultant reflects back what he/she sees occurring. The second key element is that consultants are seen as someone who provides assistance to a client in order to improve a particular situation – 'to take action' (Hope 1992). Finally, the third element, is that the consultant has no direct control over what the client decides to do. The consultant, according to Hope, is genuinely advisory in his/her status. For Hope these three points can be summarised in a wider definition of consultants as 'giving comment, advice or assistance to improve a situation where the consultant has no direct control over the implementation' (Hope 1992, p.2).

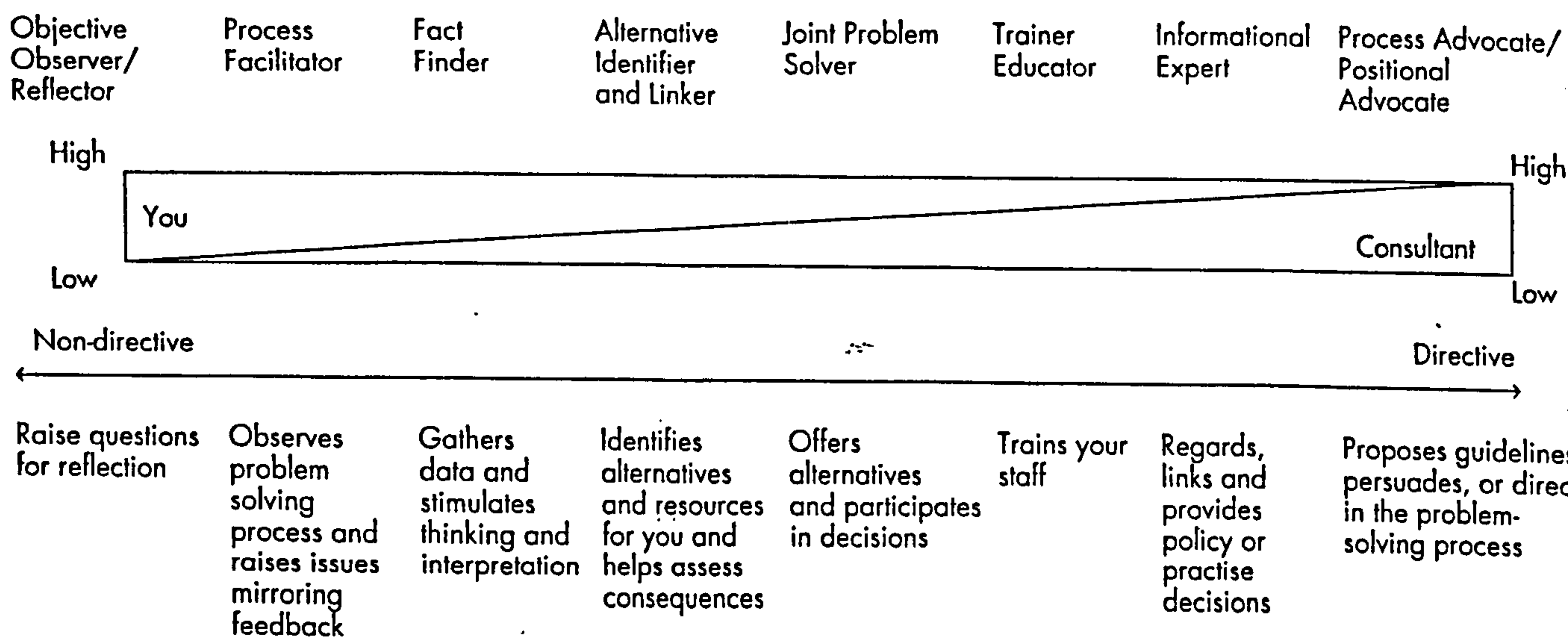
Within this broad definition, Hope indicates that there are many roles consultants can play, from someone who may recommend a particular course of action to resolve a problem to someone who gives non-judgemental feedback on any behaviour he or she may see in a team (1992, p.2). As Figure 2.1 demonstrates, these two approaches represent two ends of a spectrum of consultancy activity and consultants will often play a combination of these roles in any given consultancy contract. At one end of the spectrum consultants are *positional advocates*, where they may be asked to analyse a problem and to give recommendations on particular outcomes, values and direction. For example, consultants may conduct a review of a counselling project and produce a development plan with recommendations about any future aims, services, management and fundraising strategies (ibid, p.2). Once again, at the higher end of the spectrum consultants may be viewed as *process advocates*, where they may recommend 'particular ways of doing things such as using certain methods of problem solving' (ibid, p.2). As a particular example of this type of role Hope points out how consultants may be used to observe particular board meetings of an organisation and then propose ways in which future meetings could be delivered. Still at the higher end of direct consultancy involvement, consultants may be used as *information specialists*. Here Hope states that consultants are used due to the specialist knowledge, skills and professional experience that they can provide. Thus, for example, consultants can be used to provide guidance on funding sources for organisations. Consultants can also be used as *trainers/educators* where organisations use consultants when they feel that a particular



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learning process is needed in order for their organisation to acquire competency in certain areas (ibid, p.3).

**Figure 2.1: A Spectrum of Consultancy Roles**



Source: Hope, 1992, p.3

At the middle of Hope's consultancy involvement scale, both the client and consultant equally contribute in the problem solving process and thus consultants can be used as *joint problem solvers*. Here consultants are used by a client to collaborate with them in all the processes needed to solve a particular problem. As Hope also indicates, 'the consultant may be involved in analysing and decision making as a peer but may, where conflict occurs, also assume the role of a third party mediator' (ibid, p.4). This leads us to a further mid-ranging involvement role played by consultants, and that is of an *identifier of alternatives and linker to resources*. In this situation both the client and consultant can identify alternative solutions to a problem; establishing the criteria for assessing those alternatives and the probable consequences of their implementation. Moreover, the consultant can link the client to appropriate internal and external resources, but as Hope argues, 'the consultant is not involved in the decision making' (ibid, p.4).

At the lower end of Hope's spectrum of consultancy involvement in problem solving, consultants may play more of a *fact-finding* role. The five key methods a consultant may use in carrying-out this role include interviewing, questionnaires, observation, analysis of records and documents, and analysis of appropriate facts and data (ibid, p.4). Taking an even less direct level of involvement consultants can also be used as *process facilitators*. Process work may be involved in all consultancy roles but a particular role exists for consultants who help a

client to integrate interpersonal and group work skills with task orientated activities to support the improvement of relationships within a client organisation (Hope 1992, p.5). Finally, at the lowest end of the scale, consultants may play a non-directive level of involvement during a consultancy contract. In these situations consultancy roles can be those of *objective observers or facilitators*. In this situation clients may ask the consultant to stimulate them towards some insights into growth or change, a discovery of a better method, or greater independence. This is the most non-directive approach. As Hope argues, 'the consultant communicates none of his/her own beliefs and ideas to the client and is not responsible for the work or the outcome' (ibid, p.5). As such, the client is responsible for the direction chosen and reaches decisions by itself.

It is clear, therefore, that while consulting can be seen as a very specific profession and service – namely management consulting – it may be also viewed as applying to a wider range of intermediary services. Regeneration consultancy is one such intermediary service and one that has received some attention in relation to community development in the UK.

## **2.3 CONSULTANCY ACTIVITY IN UK COMMUNITY DEVELOPMENT**

### ***Community development***

Thomas (1995, p.15) argues that: 'Community development strengthens the social resources and processes in a community, by developing those contacts, relationships, networks, agreements and activities outside the household, that residents themselves identify will make their locality a better place to live and work in.'

Since the late 1960s, notably in North America and Northern Europe, the need to involve residents of disadvantaged areas in programmes for their regeneration has been increasingly seen as a key principle of public policy (McConnell, 1993). Disadvantaged neighbourhoods are found in the large cities of all the industrialised economies and are characterised by multiple deprivation and relative political powerlessness. As a result, policy makers are increasingly seeing community development as a key strategy to overcoming these problems (McConnell 1993). As McConnell states, 'there is considerable evidence from OECD member countries that a component of urban regeneration strategies that addresses these two compounded problems is community development' (ibid, p.289). Community development can be seen as an approach for involving and for enabling local people to take the initiative by helping them to develop appropriate skills, knowledge and confidence. Finally community development can be seen as a method of empowering local people to gain a voice within decision-making and political systems.

The fundamental concern with social resources and processes, at the heart of community development, can be made in a way, that is suggestive of what other professionals might contribute to the development of viable communities (Hughes, 1995, p.19). As such, a viable or coping community will, exist or be designed in a way that brings residents together rather than keeps them apart from one another; have facilities that promote social contact, such as pubs, churches, shops, cafes, community centres and so on; have daily routines that promote interaction between people, for example walking children to school rather than taking them by car; have a variety of 'live' social and recreational networks, as well as those based on mutual aid; have active organisations of a variety of kinds and purposes that bring people together and which define and represent their ideas and concerns; allow residents to take on public roles outside the household that are satisfying to themselves and of service to others.

This can be more clearly demonstrated as a ladder of community interaction (based on Thomas 1995, p.19):

11.	Owning and managing local facilities
10.	Working with policy-makers
9.	Co-operation with other community groups
8.	Joining community groups
7.	Participation in community activities
6.	Informal mutual aid
5.	Involvement in informal networks
4.	Social contacts; such as at the pub, church or community centre
3.	Routine contacts; such as picking the children up from school every day
2.	Casual contacts; for example whilst shopping or waiting for the bus
1.	Mutual recognition

At the base of the ladder (rungs 1-5) are the routine, trivial and taken for granted aspects of community interaction, yet they are the foundation on which all else rests. Traditionally, most community development projects in the UK have operated at rung 7 (organising a community festival) or 8 (for example, forming a tenants association) of the ladder of community interaction. This is due to the fact that historically community development has been poorly resourced in the UK, and has been associated with short-term community projects focused largely on improving resources (Hughes 1995; McConnell 1993). Furthermore, there has been little recognition of the role and value of community development in its own right, rather policy makers have tried to use it as 'a universal social

spanner, to fix-‘n’-mend problems that they themselves have often created’ (Hughes, 1995, p.16). Thus, for example, research work carried out by the Community Development Foundation (CDF) has demonstrated that successive UK government’s have tried community development to prevent crime, regenerate local economies, cut the costs of custodial care and promote health education (ibid 1995). As Hughes argues, ‘even the 1968 Community Development Projects were established to deal with family breakdown and rising juvenile delinquency’ (ibid, p.16). However, in recent years, we have witnessed the proliferation of government policy that has put increasing emphasis on developing rungs 9-11 of the community involvement/interaction ladder, i.e. by integrating them as active partners within many local and community-based regeneration initiatives and partnerships (as was demonstrated in chapter one). As such, in an attempt to promote community development and in order to increase the effectiveness (in theory) of many area based regeneration projects issues such as community capacity building and empowerment have become central tenets of many of these programmes. In some circumstances, the successful initiation of this process of community development may require the help of an enabler (mostly called a community worker and mostly intervening from ‘outside’ as a professional). As Thomas states, ‘community development will always require some participation by local government, a professional, voluntary or the business sector’ (ibid, p.15). It is to these issues of community capacity building and empowerment and the role of the professional (i.e. the consultant) that I will now turn in order to more fully understand what roles consultants may play within local economic and social regeneration.

### *Community Capacity-Building and Consultants*

In order for community organisations successfully to gain access and participate in the policy process (rung 10 of the community interaction ladder), through partnership or through other means, they need to develop their capacities to engage in local economic development and social initiatives (Jacobs and Dutton 2000). This is referred to within much of the literature on community development as ‘community empowerment’ or ‘community capacity-building’ (Thomas and Duncan 2000; Jacobs and Dutton 2000; Anastacio (et al) 2000; Jupp 2000; Skinner 1997).

Thomas and Duncan (2000) provide a working definition of capacity building as:

“...development work which strengthens the ability of community based organisations and groups to build their structures, systems and skills. This helps them better define and achieve their objectives and take an active and equal role in partnerships with other agencies. It includes aspects of training, *consultancy* [my emphasis added], organisational and personal development, networking and peer-group support.”

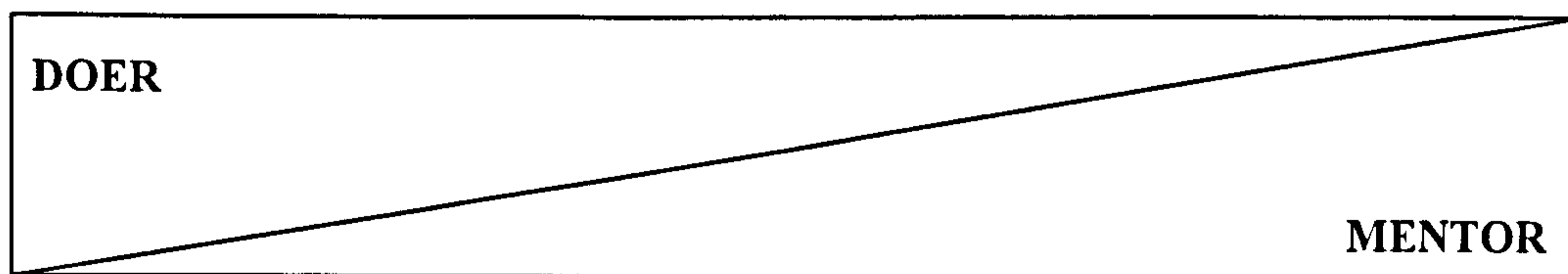
As the previous chapter demonstrated, there have been many changes in the context of community development and regeneration in Britain in the late 1990s. Capacity building is a useful concept for capturing what has been occurring within many area based regeneration initiatives. For example, according to Skinner (1997), the SRB Challenge Fund, from Round 3 onwards in the bidding guidance, has stated that it supports initiatives that among other objectives will enhance the quality of life and capacity to contribute to local regeneration by local people. On the same lines, the ESF within almost all parts of Objective One, Two and Five B programmes and the RECHAR and URBAN community initiatives, capacity-building can be supported in the context of community economic development (DG16 Official, European Commission, May 1996, cited in Skinner 1997, p.7). DETR (1997) recognises the role of communities in helping with the strategic direction and management of programmes and the consequent need for communities to develop the capacity to achieve this. For DETR (1997) capacity building encompasses four key areas that include *skills, knowledge, resources* and *power and influence* (cited in Jacobs and Dutton 2000, p.118). *Skills* refer to communities developing the capacity towards project planning, budgeting and fund-raising management, organisation development, brokerage and networking. Moreover they should develop their *knowledge* of programmes and institutions of regeneration, their systems, priorities and key personnel. Capacity building amongst local community groups should also encompass organisations having essential *resources* to be able to get things done. Finally, *power and influence* refers to local organisations having the ability to exert influence over the plans and priorities and actions of key local (and national) agencies.

In relation to this context of community capacity building and empowerment, Skinner (1997) states that the work of consultants or professionals is key and can be broken down into four distinctive roles, although these techniques may be combined. First of all, the consultant can be 'an adviser' (at the higher end of Hope's spectrum, see Figure 2.1). In this role consultants provide specialist information and skills, for example, this could be fund-raising skills or information on legal structures required to establish a development trust. Secondly, the consultant can act as a 'researcher' (this can be linked to the middle of Hope's spectrum). In this capacity, the consultant collects and analyses information on behalf of/with the group to tackle a specific task or problem. The information collected can be both quantitative and qualitative and as part of this role the consultant may also present options for the future based on particular findings. Thirdly, the consultants can work as an 'analyst' (at the higher end of Hope's spectrum). Here consultants may use their knowledge of how organisations work to give an analysis of the cause and nature of the problems and proposes a new structure for the group to be able to respond to a new funding opportunity. Finally, consultants can be seen as

facilitators (at the lower end of Hope's spectrum). In this role consultants can enable a group to examine the nature and cause of any problems and to use practical methods to help collectively generate solutions.

Hyatt's (1995) work, which analyses the role of consultancy methods in relation to community organisations, also draws on several insights with regard to how consultants may be used to build capacity. From her case studies of eight community-based organisations, Hyatt notes that consultants need to be highly aware of the roles they adopt in relation to such groups and how they may change over time (1995, p.12). Similar to the model used by Hope (1992; see Figure 2.1) Hyatt suggests that one way to view this is as a spectrum where at the one end the consultant is the 'doer' of all activities, such as actually carrying-out the research and feeding it back to the client/community group, to the other end of the spectrum, where the consultant is a 'mentor', for example feeding back to the group on documents that group members have themselves drafted (see Figure 2.2):

**Figure 2.2: A Model of Consultant Roles**



Source: Hyatt 1995; p.12

Hyatt states that a consultant may begin at any point along this spectrum depending on what has been agreed with the client. Consultants may build the capacity within a client organisation by moving them gradually towards the right-hand side of the spectrum, where they are the doers and the consultant is the mentor. Hyatt argues that this needs to be a conscious process (1995, p.12). As such, this process may involve moving the client through stages where it gradually acquires skills. These stages may involve:

- ❑ Demonstrating a particular skill for example, writing a funding application;
- ❑ Identifying specific tasks and coaching the group for example, jointly preparing a budget;
- ❑ Identifying specific tasks and supporting the client group for example, giving feedback on a budget the client may have prepared;
- ❑ Delegating particular skills for example, a client group may prepare a funding application and only ask for consultancy support if they feel they need it (ibid, p.12).

Although any process of capacity building from consultant to client group is unlikely to be as neat as this (ibid, p.12) this model does demonstrate that the process of capacity building can be consciously driven by the consultant (ibid, p.12).

Steve Skinner (1997) also highlights the conscious nature of the consultancy process, by noting three key themes that are specific to capacity building in this context – it is *systemic*, it is *comprehensive* and finally, it is *forward looking*. Being *systemic* refers to the consultant taking a full and detailed look at the training and organisational development needs of the client. Being *comprehensive* involves the consultant looking at the needs of individuals in the community organisation, the organisation itself as well as the environment in which the client organisation operates. By being *forward looking* the process of capacity-building means that as well as taking stock of the existing situation, consultancy is a way of helping community groups plan ahead in terms of the skills and type of organisation needed in order to achieve future aims.

## **2.4 LOCATING REGENERATION CONSULTANTS IN THE UK ECONOMY: THE RISE OF PRODUCER SERVICES IN THE DEVELOPED WORLD**

### ***Defining Producer Services***

Porter (1991) states that services can be divided into those provided to individuals and households and those provided to business and institutions. Consumer services provide output directly to consumers or households, often associated with retailing or leisure services, etc. Producer services can be defined as services that are supplied to businesses and government, rather than directly to individual users of consumer services (Johnston et al, 1998, p.479). Such services, which are often characterised as those which provide ‘intermediate’ inputs into the process of production, include economic activities as diverse as financial services, research and development, computer services, marketing and advertising and certain kinds of transport and communication. In the Standard Industrial Classification of 1991 producer services also included business activities such as legal companies, accounting, architectural and engineering activities and business and management consultancy.

### ***The Rise of Producer Services***

Few would disagree that producer services have come to play an increasingly prominent role in the economies of most developed and developing nations in recent years. Many authors have noted how producer services have become one of the key drivers in economic development over the past quarter of a century (Daniels 1999; 1998, Daniels, Dinteren, Monnoyer 1992; Williams 1997; Coffey and Bailly 1992). For example, examining England



and Wales, Daniels argues that up to the mid 1950s producer services remained relatively stable at about 3% of total employment (cited in Williams 1997, p.28). However, with the end of World War Two, and as the British economy increased its involvement in world markets, producer services began to grow rapidly (see Table 2.1).

**Table 2.1: Services as a percentage of total employment, selected countries, 1960-1987**

Country		Type of Service			
		Producer	Distributive	Personal	Social
France	1960	3.5	16.8	7.9	16.0
	1987	9.0	20.1	7.9	26.4
Germany	1960	3.4	17.5	7.4	10.3
	1987	7.7	18.1	8.1	21.6
Japan	1960	3.3	18.5	7.5	8.2
	1987	10.2	25.1	10.2	13.0
Sweden	1960	3.5	19.4	8.4	16.3
	1987	7.2	19.2	5.9	35.1
UK	1960	4.4	20.6	8.0	15.8
	1987	10.4	21.3	10.1	25.3
USA	1960	6.4	22.2	11.3	21.2
	1987	13.6	21.5	12.5	26.0
Average	1960	4.1	19.3	8.4	14.6
	1987	9.8	20.9	8.7	25.1

Source: Daniels 1999, p.157

By 1960 producer services share in the UK total employment was 4%, by 1970 it was 5% and in 1981 it was 8.6%. In fact by 1991 Williams's (1997) states that producer services had a 10.8% share in the total employment of the British economy. Whilst the total employment of the UK rose by just 2% between 1981 and 1991, producer services jobs increased by 28.4%. Similar trends were also observed in the USA and Canada (Williams 1997, p.28) Consequently, as Daniels states (1999, p.156):

“There are few aspects of activity in contemporary economies that are not dependent upon, or in some way influenced by, the involvement of service industries.”

Producer services have become central components in our contemporary economic and social milieu. ‘From the infrastructure of roads and railways that enable the distribution of goods or the completion of the journey to work, to the education, health and recreation facilities that sustain the quality of the labour force and the capital markets that provide the finance for the enterprises of all sizes and complexity’ (Daniels 1999, p.156), producer services have an

important role in the running of late twentieth and early twenty-first century economies (Boden and Miles 2000). Indeed, over a decade ago, Illeris (1989) argued that it was widely agreed that the demand for producer services would continue to grow vigorously as they were essential players in the contemporary and future economy (1989, p.60)

### *Explanations of the Emergence of Producer Services*

Martinelli (1991) and Daniels (1998) identify four main perspectives on the emergence of the service industries more generally. The first of these focuses on demand based reasons for the emergence of the service sector (Clark 1940; Rostow, 1966). The argument is that, with service activities and employment being a function of economic growth, these have the effect of releasing surplus expenditure for the consumption of services that are 'more income elastic than the demand for many goods' (Daniels 1998, p.129). However, this view is seen as been too simplistic for the complex and dynamic economic and social environment of many developed nations and has lost credibility in recent years (Daniels 1998, p.129). A second perspective stresses the impact of the shift from manufacturing to service employment on rising unemployment levels. This, combined with the widespread introduction of welfare/social instruments in many countries, has caused an expansion of the supply of public services such as health, education, social security and central/local government functions (Singelmann 1978; Townsend, 1997; cited in Daniels 1998, p.129). A third perspective proposed by researchers such as Walker (1985) and Stanback (1979) sees the emergence of the service industry not as a result of greater final demand from household's and individuals, but rather a consequence of its role as providing intermediate inputs to other production activities (Daniels 1998, p.130). A fourth perspective reflects recognition by policy makers at local, national and European Commission levels that services should be the object of regulation, incentives or investment that will transform their role in economic development. In this sense, services are seen as one of the preconditions for growth (Riddle, 1986; cited in Daniels 1998, p.130)

However, Daniels (1999) suggests that in order to fully explain the emergence of producer services, there is a need to distinguish between supply side and demand side factors along with the 'mediating role performed by technology and by the *business organisational environment*' (p.158). As Daniels explains, the evolvment of modern technology has enabled producer services to deliver (supply) their products more rapidly, reliably, over greater distances, at lower cost. This has in turn assisted demand by improving accessibility and improving customer awareness of alternative sources of services. The business and organisational environment has also been rapidly changing. As Daniels states (1999, p.158):

“The *business and organisational environment* has been changing with respect to, for example: the size and distribution of organisations; almost frenetic merger and take-over activity during the 1980s creating multifunctional, multi-product service firms...an acute awareness of the need to increase productivity and to lower costs in order to remain competitive and an ever-present pressure to innovate, to devise new products, or to ‘fine tune’ existing products.”

In order to survive effectively under these conditions both the private sector and the public sector require the appropriate knowledge and information (ibid, p.159). Producer services are primary purveyors of this commodity or ‘enable users to obtain access to it through, for example, providing the appropriate financial instruments for raising capital to purchase competitors or to obtain a controlling interest’ (ibid, p.159). The key point here is that knowledge is capital and producer services are a key source of this knowledge.

On the supply side competition between producer service firms has promoted diversification and specialisation. Firms have become market makers by extensively advertising the quality/diversity/complementarity of the services they offer or by devising new services, which they must then persuade clients that they need in order to advance their objectives. On the demand side the increased specialisation of knowledge inputs often makes it necessary for firms to look outside the resources of their own organisation. As Daniels notes, ‘the resulting demand for specialised inputs has also been stimulated by the internationalisation of production of many goods and services. Products are becoming more differentiated in an effort to appeal to more specific market niches; product lives are shortening and product lines broadening’ (ibid, p.159). As a result of this dynamic environment there is more emphasis been placed on planning and product development, to flexibility in production, to advertising and ‘to getting the product onto retailers’ shelves or into office administrative practices’ (ibid, p.159).

Porter (1990) states that there are three basic drivers that have led to the growth in services. The first of these is a *growing underlying need* for service functions, many of which are increasingly sophisticated. Porter notes that in firms and institutions, growth in the underlying need for services ‘is driven by the increasing sophistication, internationalisation and complexity of management’ (1990, p.243). Specialised forms of services have proliferated (for example, temporary help, conflict resolution, etc) as has the complexity of needs in such established service industries as advertising, consulting, accounting and market research. More complex products and more sophisticated technologies throughout the value chains of firms and institutions require more design, operational and maintenance services. Moreover, Porter argues that the internationalisation of competition is powering the growth of

services needed to support trade and the management of dispersed corporate facilities (ibid, p.243).

Second there has been a *de-integration* of service activities, which were formerly performed in-house, to specialized outside service vendors. Porter suggests that firms, institutions and households are increasingly hiring specialized service suppliers to perform services they used to perform themselves. Moreover, specialisation and sophistication often increase as services are de-integrated, due to their greater attention to investment of specialised providers and the result is a net increase in service provision. Porter also highlights how the de-integration of service activities by firms, institutions and households is a reflection of a growing ability or necessity to de-integrate, combined with rising competitive advantages of specialised service providers compared to in-house units. Indeed, two potent advantages of a specialised provider over in-house unit can be *competition* and *focus*. The specialised provider faces competition for the account and has incentives to raise productivity and boost quality. However, a captive in-house service department is a cost centre. As Porter notes 'it can and should be measured against outside vendors, but replicating the pressures and incentives of competition is difficult in practice' (ibid, p.246). In terms of focus, the specialised service firm can often hire and train people better, employ better methods, use better equipment and perform a service cheaper or more efficiently. In contrast, an in-house service department faces some inherent constraints given that there are barriers in tailoring physical facilities, policies and procedures of in-house service units to the requirements of a particular service (Porter 1990, p.246). Porter also highlights how the increased cyclicity of many industries has highlighted the inefficiency of maintaining permanent service capability in-house and has hastened de-integration: 'firms and institutions are turning to maintenance companies, specialised consultants, public relations firms and other outside service firms whom they can call on only when they need them, converting a fixed cost into a variable one' (ibid, p.247).

The third and final driver influencing the rise in services has been the *privatisation of public services* in certain nations. Services 'have shifted from a cost within government organisations to revenue in the private service sector' (ibid, p.247). For Porter, privatisation of public services is probably best understood as a form of de-integration. As such, many of the forces previously mentioned can also be seen at work here. What is evident here is that there has been a movement amongst public institutions to allow private companies to become involved in order to make the most of their growing efficiencies and the benefit of competition. As Porter highlights, the conservative doctrine, dominant in many nations during the eighties, has been an important trigger.

Running through all the debates around the rise of producer services is the latter's structured role in promoting or facilitating overall economic change and adaptation, since producer services provide output (for example in the form of consultancy or R&D) that is consumed or used by other firms and institutions in various sectors (Howells and Green 1988). An opening has occurred within contemporary economies for the intervention of specialists. Whether these specialists are engineers, lawyers, accountants, consultants or advertising professionals, they are all used to analyse situations, process information, produce required documentation and assist in decision-making (Coffey and Bailey 1992).

### *The Rise of Business and Management-based Consultancy Services in the UK Economy*

One of the most distinguishing characteristics of the producer services is the pivotal position of knowledge and information in the services they provide. Therefore a major function of many producer services activities is to make this specialist knowledge and advice accessible for a fee, to private and public sector clients. As Daniels (1998) argues, producer services are connected with some form of consulting and the provision of specialist guidance and advice to businesses or the public sector that do not themselves have the resources, time or expertise to perform such functions (1998, p.128). These consultancies operate in diverse fields, which may include human resource planning, information technology and computer systems, legal and tax matters and marketing strategy. In fact, the 'demand for consulting services has spread throughout many different economic activities' (Daniels, Diteren and Monnoyer 1992, p.1745). It would also seem that the public sector has become a major client in this area. In a survey carried out by Daniels, Diteren and Monnoyer (1992, p.1745) in which they questioned several European consultancy firms, fewer than 40% of the consultants questioned include clients from the industrial sector among the top five customers. In fact, the public sector formed a significant part of the client base of consultancies. As the authors state (1992, p.1745):

“Industrial clients do not dominate the [consultancy] market, at least in larger cities, whereas the public sector has become a regular client”

In a UK context, many geography and management scientists have made attempts to investigate the role, behaviour and dramatic growth of advanced, knowledge-intensive professional consultancy services over the last decade (Keeble and Nachum 2002; Henry and Pinch 2000; Bennett, Graham and Bratton 1999; Wood 1996; Keeble, Bryson and Wood 1991). However, interestingly, and especially considering the quantitative evidence above, these analyses have focused heavily on business consultancy services, with very little, if at all any, references to those consultancies that provide consultancy services to public sector clients. However, this qualitative empirical research is worth analysing, as it has explicitly accounted for a quantitative increase in the overall activity of consultancy and professional

producer services in the UK economy over recent years. For example, between 1985 and 1991 Bryson (et al 1997) as part of their study looking at the creation of small business service firms in Britain, note that the number of VAT registered management consultancy firms in Britain rose by 177% or 7600 (Bryson et al 1997). More recently, and broadly, the numbers of UK professional business service firms with at least one employee in Standard Industrial Classification Divisions 72, 73, 74 (computer and related activities, research and development, and 'other' business activities) increased by 94,256 or 42.3% in only four years, from 1994 to the beginning of 1999 (Keeble and Nachum 2002, p.68). Figures released by the Department for Trade and Industry's Small Business Service's team (2002) demonstrated that during 2001 the largest net gain in VAT business registrations was in business services where the stock of registered businesses rose by 12,000 (see Table 2.2).

**Table 2.2: Enterprises Registering and De-Registering for VAT by Industry 2001**

<u>Thousands</u>	Registrations		Deregistrations		Stock	
	2001	change on 2000	2001	change on 2000	start of 2001	change during 2001
All Industries	175.5	-7.9	162.7	-14.4	1,664.4	12.7
Agri. Fishing.	3.2	-0.2	5.0	-0.8	149.7	-1.7
Mining, energy, water.	0.2	0.0	0.3	0.0	1.6	-1.7
Manufacturing.	10.8	-0.9	14.4	-1.3	149.3	-3.6
Construction.	18.5	0.9	16.4	-1.5	171.7	2.2
Wholesale.retail, repairs.	31.7	-5.5	37.1	-5.7	380.0	-5.4
Hotels and restaurants.	19.2	1.0	15.7	-1.1	107.3	3.5
Transport and communication.	9.5	-0.1	8.2	-0.9	75.3	1.3
Finance.	1.6	-0.2	1.6	-0.2	15.5	0.0
Business Services.	62.7	-2.5	50.7	-0.9	440.5	12.0
Education, health.	2.1	0.0	1.6	-0.1	21.0	0.5
Other Services.	15.8	-0.4	11.8	-1.8	152.4	4.1

Source: Small Business Service (Performance Analysis Team, 2002)

The figures also show that the sector has grown by over 140,000 in the last eight years to 452,000, or one in four VAT registered businesses in the UK by the start of 2002 (Small Business Services 2002). The second largest gain during 2001 was within ‘other services’ where a gain of 4,100 of business registrations was recorded (Small Business Services 2002). Other recent statistics by the Small Business Service Unit demonstrate that a very high percentage (over 60%) of business services and ‘other’ services are predominantly small businesses i.e. employing less the fifty employees.

With regard to the city-region that is the case study of this thesis – Merseyside - figures released by the ONS for business and management consultancy activity (which include consultants involved in regeneration) show a particularly pronounced growth. Table 2.3 compares the numbers of business and management consultants operating in Merseyside in 1995 and 2001. The numbers increased by 1,241 (87 percent) over the six years. Within Merseyside, Liverpool shows the highest increase with the number here more than doubling with 1,917 business and management consultants operating in 2001 compared with just 636 in 1995. The scale of this growth, nearly four times the national rate, certainly confirms the perception of increasing consultancy activity that initially prompted the CASE studentship.

**Table 2.3: Business and Management Consultancy Activity on Merseyside 1995-2001**

LOCATION	1995	2001	Change	
			Number	Percentage
Knowsley	83	100	+17	+20.5
Liverpool	636	1,917	+1,281	+201.4
St Helens	194	182	-12	-6.2
Sefton	338	262	-76	-22.5
Wirral	169	200	+31	+18.3
Merseyside Total	1,420	2,661	+1,241	+87.4
UK Total	143,676	218,312	+ 74,636	+51.9

Source: Office National Statistics, 2003.

The work of Howells and Green (1988) draws attention to the fact that while concentration in UK services appears to be steadily growing over time it should also be recognised that small firms play a highly significant role in many service sectors. The reason for this, according to the authors, is suggested by Taylor and Thrift’s (1981; 1983) adaptation of the dual-economy model developed by Averitt (1968), which suggests the development of a small number of

large business organisations being supported by a range of small companies. These small firms are directly involved in subcontracting or franchising with these larger enterprises, or are operating in market niches that are too small for large firms to operate-in profitably (Howells and Green 1988, p.80). On this basis, it can be the medium sized enterprises that are squeezed out rather than the smaller firms. The survival of small firms is related to their ability, via lower wage rates, to undertake work more cheaply than if it was internalised by large firms, whilst they remain more flexible in uncertain and often turbulent market sectors (Mason and Harrison 1985, p.11). Moreover, small firms are seen as being essential by larger service firms for three main reasons. First, they are able to provide functions more cheaply and efficiently than if they were supplied by large organisations internally. Secondly, they can provide a reservoir of spare capacity for large companies enabling them to off-load certain types of work during peak periods. Thirdly, in some sectors, small firms provide an innovative/development role by providing new services, or existing services in new more efficient formats (Howells and Green 1988, p.81).

Keeble and Nachum (2002) argue that various studies (Wood 1991; Keeble et al 1992; O'Farrell 1995) have shown that this rapid and continuing growth of business services and especially producer services providing reflects an ever-growing demand for professionally qualified and specialized expertise. Wood (1996) argues that a detailed process of client-consultant interaction underpins business service consultancies, and using the work of O'Farrell and Moffat (1991) he characterises these consultancies as 'task-interactive', problem-solving services in which inputs of clients are as critical to success as those of the consultancy (ibid, p.653). Such inputs from the client include, they argue, information sharing, a significant contribution towards problem solving ideas, joint membership of project teams and overall monitoring of the consultancy process. Each of these contributions are important dimensions to the business service consultancies production and delivery of projects. In fact, in many cases 'relational exchanges' dominate business service transactions, in which client behaviour is strongly influenced by past experience, prior expectation and trust. Wood (1996) concludes by stating these factors often offer significant competitive advantages to favoured consultancies.

Wood takes his analysis of client-consultant relationships even further by undertaking a quantitative survey of 115 clients that have used business service consultancies. Key issues covered by Wood (1996) in his research include an analysis looking at why clients use consultants. Of the one hundred and fifteen questioned by Wood, in his quantitative questionnaire, sixty-eight (59%) stated that they used them due to their expertise and specialist knowledge and skills. Forty-eight (42%) stated that they used them due to their



detachment i.e. their impartial viewpoint. Forty-four (38%) clients states that they used the consultants as a result of capacity issues, this often included consultancies ability to provide temporary intensive help on particular projects. A further eighteen (16%) stated that they used consultancies when 'time was short' and deadlines needed to be met. The survey revealed that consultancies were often expected to work closely with client staff on specific elements of projects, sometimes offering specialist technical advice, including staff training and development. On other occasions consultants were used to deliver a broader overall blueprint for change within the client organisation. However, only in a limited amount of cases were consultants actually required to deliver implementation projects.

A further aim of Wood's study was to explore competitive advantage and understand why clients chose particular consultants. His aim was to build on O'Farrell's and Moffat's (1991) work that emphasised the social interaction process at work in the choice of consultants, which often reflected the duration of projects and types of change involved, as well as the influence of past experience. Wood's study showed that the choice of consultants were more often based on a client's:

“...past experience with them, their ability to work with client staff or on recommendation. More significant than the programme of change required by the client...the most important is confidence in the consultancy's abilities, based on trust and mutual understanding” (p.658).

Another key finding from Wood's work is that it was common practice for clients to combine varied consultancy skills. Out of eighty-seven consultancy projects studied, only seventeen of them used large consultancies alone. Almost as many, fifteen in this case, supplemented their projects with one other consultancy, including small and medium sized firms in six cases and technical specialists in five cases. Within a further fifteen projects, large consultancies were associated with two or more other types of firms, including thirteen individual-based consultancies (sole proprietors/ 'consulting professors'), ten small to medium-sized firms and five technical specialists. Wood discovered in his study that in many cases large consultants were employed to provide a strategic overview and diagnosis of particular problems, sometimes to support in-house teamwork. However, various stages in the planning change within organisations, including training, often involved smaller specialists (1996, p.658.) Finally, Wood highlighted from his study of business service consultancies in the UK that the effective use of consultants itself requires client experience. For example, in many cases, the use of the consultants expertise was tightly controlled by the client organisation, as many clients indicated a close complementarity between in-house and consultancy inputs, rigorous client selectivity in choosing consultants and client based implementation of consultancy projects (Wood 1996, p.659).

### *The Location of UK Consultancies and Professional Services*

Some of the work focusing on the growth of advanced, knowledge-intensive business and professional consultancy services in countries such as the UK has investigated the role of geographical clustering amongst these producer services (Keeble and Nachum 2002; Bennett, Graham and Bratton 1999). In fact, authors such as Bennett (et al 1999) go as far as to say that it is an empirical fact that 'business service firms are highly concentrated into clusters' (p.410). However, as Keeble and Nachum (2002) highlight, the whole notion of 'clustering' and 'clusters' has become highly problematic, conceptually and in definitional terms (p.71). Some authors, such as Swann (1992), define a cluster simply as 'a strong collection of related companies located in a small geographical area' (p.138). While others, such as Porter (2000), offer a fuller and more complex definition, suggesting that a cluster is a 'geographic concentration of interconnected companies, specialised suppliers and service providers, firms in related industries, and associated institutions (e.g. universities, standard agencies, and trade associations) in particular fields that compete but also cooperate' (p.253). Porter highlights that clusters often involve a number of institutions, governmental and otherwise, that provide specialised training, education, information, research, and technical support. Moreover, Government departments and regulatory agencies that significantly influence a cluster can be considered part of it (2000, p.254). Keeble and Nachum (2002) use Porter's definition of clusters in their study looking at whether and why small business service firms cluster. Drawing on the 'networks' and 'innovative milieu' literature of Camagni (1991) the authors argue that firms cluster due to the enhanced competitive advantage and growth it produces by enabling firms to tap into 'a collective learning process' which operates 'through skilled labour mobility within the local labour market, customer supplier technical and organisational interchange, imitation processes...and informal "cafeteria" effects' (Camagni 1991, p.130; cited in Keeble and Nachum 2002, p.79). Furthermore, this local knowledge sharing and diffusion reflects 'the presence of an intricate network of mainly informal contacts among local actors...made up of personal face-to-face encounters, casual information flows, customer-supplier co-operation and the like' (Camagni 1991, p.131; cited in Keeble and Nachum 2002, p.79). Reflecting Camagni's theoretical work, Keeble and Nachum's empirical study of small business-service consultancy firms in London, discovered that the majority of these firms rated extremely highly the importance of personal contacts in obtaining work. Moreover, a high proportion of those firms questioned stated that personal contacts with clients were used to develop the firms' own knowledge base (Keeble and Nachum 2002). A further key discovery made by the authors' study, in relation to clustering,

was that many of the consultancy firms were frequently engaged in formal and informal collaborative arrangements with their 'competitors'.

Williams (1997) argues that what occurs as a result of this clustering process is an increasing regional and local specialisation in producer services. Examples include financial services in London, textile engineers consulting in Lille-Roubaix-Tourcoing, services related to high-tech firms in Rhone-Alpes and the south of France, engineering and software in Munich, accounting and consultancy in Frankfurt, and so forth (Williams 1997, p.33). Furthermore, within these local and regional economies the relationship between the users and producers of services is two-fold. On the one hand, producer service activities gain advantages of specialisation and competitive strength from sophisticated nearby customers and partners, and on the other hand, the customer tailored producer service sector improves the competitiveness of the respective regional economies (Moulaert and Todtling 1995, cited in Williams 1997, p.33).

This literature of the producer services is important because it highlights the wider supply side response within the economy to the demand for specialist expertise and knowledge. The growing literature on producer services goes some way towards theoretically explaining the role and rise of these services within the economy. However, empirical gaps still remain in this literature, with many producer services, such as those consultants that may be involved in social and economic regeneration professions, unaccounted for.

## **2.5 THE URBAN AND REGIONAL REGENERATION INDUSTRY AND THE DEMAND FOR CONSULTANTS**

A resurgence of interest in the region as a scale of economic organisation and political intervention has been apparent within economic geography over the past decade or so (Amin and Thrift 1995; Cooke and Morgan 1998; MacLeod and Jones 1999; Maskell et al 1998; Morgan 1998; Scott 1988; 1998; Storper 1995; 1997). Within this literature, consultants are generally only evident through implicit undertones, which echo out of the main focus of some of these works on knowledge and learning within regional development and also out of the work on local and regional governance. However, a few authors have explicitly identified consultants as knowledge-carriers/developers within a growing regional economic development industry. For instance, Lagendijk and Cornford (2000) suggest that the last twenty years have seen the emergence of a veritable regional development industry in Europe focused around the task of improving the competitive position of regions. Indeed, for them the map of European regions is 'scattered with a thick undergrowth of development agencies,

technology transfer centres, training organisations and consultancy companies' (p.209), all encouraged and supported by the establishment and growth of the European Commission Structural Funds and funding from national governments.

These authors argue that this regional development industry is orientated towards the production and circulation of knowledge in the forms of reports, conferences and seminars, which can help organisations to undertake the task of developing their regional and local economies (MacKinnon et al, 2002). These reports and consultancy studies, many funded by the European Commission, national and local government, have the aim not only of spreading the facts about regional and local socio-economic development, but also interpretations of those facts (Legendijk and Cornford 2000). Certain authors (MacKinnon et al, 2002) have suggested that this can only be explained in terms of the broader context within which certain actors, such as regional development agencies, have to operate in recent years. In a climate of increasing globalisation, the turn towards neoliberal forms of regulation has exposed regions to increased competitive pressures (Jessop 1994). This has created a demand for new concepts and models of development that offer guidance on how to increase competitiveness and foster innovation, as regional agencies strive to promote and defend the interests of 'their' local areas in the face of increasing competition for investment and resources (Hudson 1999; Peck and Tickell 1994; cited in MacKinnon et al 2002). In short, it has been argued by authors, such as Legendijk and Cornford (2000), that the regional development industry resembles the description of 'Mode Two Knowledge' given by Gibbons et al. (1994). While 'Mode One Knowledge' is disciplinary-based, hierarchical, science-orientated, and based on the linear model of knowledge flows, 'Mode Two Knowledge' is, in contrast, heterogeneous, organisationally heterarchical and transient, more socially accountable and reflexive.

Within politics there has also been an increasing concern with regard to knowledge resources in the local policy processes. This interest is been driven from a number of directions. First, there is a concern that existing knowledge is not being used effectively in the management of places (Leat; quoted in Taylor 2000, p.23):

“The waste of *information* and *knowledge* in public sector organisations would be a public scandal if it were money.”

Second, in the UK under the New Labour administration, more weight, as already noted in Chapter one, has been given to the importance of knowledge and learning resources in policy processes, particularly through the recent emphasis on evidence-based policy (Merridew 2001). In addition, the rhetoric concerning the significance of partnership working and the need for local communities to have a greater voice in local governance, has been particularly

acute in the arena of local regeneration. In his forward to the Social Exclusion Unit's report, *Bringing Britain Together*, the Prime Minister Tony Blair states (1998, p.7):

“Too much has been imposed from above, when experiences shows that success depends on communities themselves having the power and taking the responsibility to make things better...the lessons haven't been learned properly.”

Alongside this change in policy rhetoric it is also evident that certain concepts, which give a central role to knowledge and learning have repeatedly surfaced in economic geography and other social science discourses. These concepts can be captured in such phrases as ‘the knowledge economy’ and the ‘learning economy’ (Lundväll 1994; Morgan 1997).

Economic geographers have also taken the lead in documenting the evolving forms of local government. In the UK context, a great deal of focus and attention has been placed on the shift from government to governance, and local governance in particular, as more and more non-state actors become involved and influence the overall socio-economic development of regions and localities. Yet as we increasingly turn towards recognising a diverse range of knowledge resources within pluralist systems of stakeholder governance (Healey 1997), new questions are being thrown up concerning the need for empirical research that examines both the nature of the knowledge and learning resources that different groups of actors contribute to the policy processes and in turn the way in which they contribute to local governance (Valler et al 2000). For this thesis, the key actors of interest are consultants.

## **2.6 KNOWLEDGE SOCIETIES**

As Goldblatt states, ‘there is nothing historically unique about the powerful role of knowledge as a contemporary agent of social change’ (2000, p.121). For instance, the spiritual and moral knowledge of the great world religions or the technical knowledge that created gunpowder, paper and printing were powerful agents of change in the past (Goldblatt, 2000, p.121). However, as many of the authors that I shall now discuss suggest, it may be that the types of knowledge that are generating social change and the scope and pace of the change they are creating, that are unique. As a consequence, within the social sciences there have been many competing voices that have attempted to account for the changing nature of knowledge in modern societies and its resulting impact. Some of these theories argue that we are entering a ‘risk society’, ‘fragmented society’ or a ‘knowledge society’ (Goldblatt 2000, p.121). The latter of these three has particular relevance for this thesis.

One of the first authors to raise the issue of a 'knowledge society' was Peter Drucker (1969). He along with more contemporary authors such as Nico Stehr (1994) employ the term in a way that places knowledge as a central component in developed societies, as the foundation both of the economy and of social action (Stehr 1994, p.5). Other authors, such as Bell (1973), also view knowledge as a fundamental resource in 'post-industrial society'. Bell argues that the post-industrial society is a knowledge society for two major reasons. First, because the sources of innovation are increasingly derived from research and development. Secondly, the 'weight of society', measured by a larger proportion of GNP and a larger share of employment, is increasingly in the knowledge field (Bell 1973). Bell noted that the balance of employment between agriculture/extractive/manufacturing sectors of the economy and the service sectors had been steadily shifting in favour of the service sector. By the late 1960s Bell had noticed that the US economy was becoming dominated by service employment and manufacturing was shrinking. However, for Bell, post-industrial society was characterised by more than a shift in sectoral employment. Bell argued that it would be a society in which the basis of wealth and power would shift, and in turn new patterns of social stratification, politics and culture would emerge (Goldblatt 2000, p.122). At the core of post industrial society would be theoretical knowledge and those who generated, manipulated and used it. Although, as Goldblatt notes, 'Bell was a bit coy about what constituted theoretical knowledge' (2000, p.123), he was predominantly referring to codified, systematic and abstract systems of knowledge i.e. conventional medical science, applied psychiatry and the social sciences (Goldblatt 2000, p.123). For Bell these forms of knowledge could be cumulatively developed and applied to a wide range of economic and social processes as opposed to tacit, implicit, practical knowledge, whose capacity for transfer was limited and whose application was highly context dependent (Bell 1973). Bell stated that processes of automation, as well as the production of advanced services (like education and medicine) were all dependent on theoretical knowledge. The creators and guardians of theoretical knowledge, who Bell broadly referred to as professionals, would become the dominant social class in post-industrial society (Goldblatt 2000, p.123).

A quarter of a century after Bell wrote *The Coming of Post-Industrial Society* (1973) it is clear that the relative weight, in employment terms, of manufacturing and services has decisively shifted in favour of the latter in developed nations such as the UK (see Table 2.4).

**Table 2.4: Employment change in Britain by sector: 1981-1991**

Sector	1981 (000s)	1991 (000s)	% change 1981-1991
Primary and secondary	8338	6704	-19.6
Extractive and Manufacturing industries	6652	5026	-24.4
Service activities	12911	14901	+13.4
Producer Services	1819	2336	+28.4
Professional/technical services	199	275	+38.2
Business Services	257	580	+125.7

Source: Census of Employment 1991

As a consequence of this shift, the 1990s have produced new models of post-industrial knowledge society that embrace these profound social changes (Goldblatt 2000, p.124). The work of Manuel Castells (1996) on 'information capitalism' has focused attention on the growing demand and importance of knowledge in contemporary capitalist societies. For Castells 'informational capitalism' signals the importance of innovation, knowledge and learning in a globalising and rapidly evolving economy. While Castells argues that information and knowledge have always been important for economic growth, we have now entered an era in which the ability of firms, regions, nations and labour to produce, circulate and apply knowledge are fundamental to their competitiveness. As Bryson (et al) state, 'today information and knowledge are now not only in so-called 'high-tech' sectors. Rather all departments, sectors and sub-sectors of the economy are, or are becoming, informational in the sense that information and knowledge are widely embodied in the work process' (2000, p.2).

Two other notable contemporary authors who have championed the role of knowledge in the modern post-industrial society have been Francis Cairncross (1997) and Charles Leadbeater (1998). Leadbeater's account of the knowledge society focuses on how knowledge is produced and used within the economy, how it has become the main source of innovation, productivity and competitiveness. As Goldblatt notes, Leadbeater's work is distinguished by its concern with how 'the collation and distribution of information and knowledge, through the new communications technologies is transforming economic, political and social life' (2000, p.124). Leadbeater puts it like this (1998, p.11):

“The personal computer I am using to write this essay has about the same amount of plastic, gold, silicon, copper and other metals as the computer I used five years ago. Both machines weigh and look much the same. But today’s machine is twenty times more powerful than the older machine. The difference is entirely to do with the way the physical components have been rearranged. That difference comes from human intelligence, rearranging the available physical materials to make them more productive. That is the story of modern economic growth. Improvements in productivity and wealth largely come from human ingenuity...”

For Leadbeater, while the mid twentieth century was dominated by large manufacturers who prospered by combining huge quantities of raw materials, fixed plant and semi-skilled labour, the successful economies of the future will prosper on an asset base of scientific knowledge, highly skilled staff and marketing knowledge. Therefore, ‘at the core of Leadbeater’s argument is the idea that the asset base of the economy i.e. the things that are used to make goods and services, is changing from the tangible to the intangible’ (Goldblatt 2000, p.124).

While Leadbeater focuses on the production and concentration of knowledge within corporations, Cairncross’s focus is on how knowledge and information is communicated/transferred. For instance, in the economies of the mid twentieth century communication technologies were relatively simple and relatively expensive. As Mackay (2000) points out, although the telephone and television were becoming widely distributed in Western societies there were substantial limits on how much information could be communicated, the form in which it could be communicated and, the prohibitive cost and unreliability of these communication systems. However, much has changed over the past twenty five to fifty years. The processing power and cost of computers have significantly decreased, as silicon chips have become immeasurably cheaper and more powerful. We have also witnessed the advent of fibre-optic cable, reliable satellite transmission and the digitisation of telephony. All these have combined and resulted in cheaper, more accessible and more adaptable telecommunications (ibid, p.126). Furthermore, the creation of the Internet, combining these technologies with ‘new open communication protocols, has made the communication of texts, messages and images of all kinds open to an enormous number of people at unbelievably low costs and in real time’ (Goldblatt 2000, p.126). While Leadbeater and Cairncross believe that the knowledge society is in its infancy, both reinforce each other’s accounts of the centrality of knowledge in the economy.

Therefore, for these authors knowledge society signals first and foremost a radical transformation in the structure of the economy. As Stehr notes, the label is now emerging of a society as a ‘knowledge’ society because the ‘constitutive mechanism or the identity of modern society is increasingly driven by ‘knowledge’ (Stehr 1994, p.5). Moreover, the most



common denomination of changes in the structure of the economy seems to be a shift from an economy driven and governed, in large measure, by 'material' inputs into the productive process and its organisation, to an economy in which transformations in productive and distributive processes are determined much more by symbolic and knowledge based inputs (ibid, p.10). As such, changes in the structure of the economy and its dynamics are increasingly a reflection of the fact that knowledge becomes the leading dimension in the productive process.

As a consequence, Stehr argues, 'the central attention of any sociological analysis of modern society, has to focus on the peculiar nature and function of knowledge in social relations and, of course, *on the main carriers of such knowledge* (my emphasis)' (ibid, p.12). It is towards the function and definition of knowledge in knowledge societies that I shall now turn.

## **2.7 THE 'LEARNING REGION'**

### ***Introducing the 'learning region' paradigm***

In response to these changes in the nature of the post-industrial economy many economic geographers over the past decade and a half have highlighted knowledge and the process of learning as central features of contemporary regional economic development. Inspired by the notion of the 'learning economy' (Lundvall and Johnson 1994) the concept of learning regions was coined by academics working in the field of innovation studies and economic geography (Florida 1995; Morgan 1997). Learning regions are regional development concepts in which the main actors are strongly, but flexibly connected with each other and in which inter-regional and intra-regional learning are emphasised (Hassink and Lagendijk 2001, p.72). The main actors will generally involve a highly diverse set of regional agents including politicians, policymakers, chambers of commerce, trade unions, public research establishments, universities, innovation-support agencies, financial institutions, and companies. These actors are involved in: 'a bottom up approach; transparency; face-to-face relations; integrated solving of problems (crossing of policy fields); integration of policy; social and company networks; and permanent organisational learning with feedback effects' (ibid, p.72).

The learning region paradigm is based around the understanding that economic growth is dependent on innovation, and that innovation, in turn, is dependent on the creation, dissemination and application of knowledge. Knowledge is referred to as learning and learning processes inevitably connected with space, hence the 'Learning Region' (Boekema et al; 2000, p.3). The focus on learning is rooted in the conviction that the nature of the

economy has shifted from a labour and capital based economy to a knowledge-based one, where knowledge is the most important resource and learning the most important process (Morgan 1997). Firms learn from interaction with suppliers, customers and rivals. Furthermore, it is argued that processes of knowledge creation are influenced by specific localized capabilities of regions: their resources, institutions, and social or cultural structures (Malmberg and Maskell 1999, p.1).

As Boekema (et al) state, one of the weaknesses of the learning region paradigm is that the diversity of the concept prevents it from developing into a consistent theory. However, this diversity is also its strength, as it sheds light on connections between the various elements that constitute learning regions: knowledge, learning, innovation, networks, institutions and space (2000, p.4). By taking a closer analysis of the learning region literature it is possible to notify the key demand-based factors that account for the rise in knowledge-based professions, such as regeneration consultants, within regional economies.

### ***Knowledge, Learning and the Region***

Thus far we have discussed some of the key contemporary authors within sociology that have employed the term 'knowledge' to describe knowledge societies. However, what becomes apparent by looking at these conceptions is that the majority of these theorists only briefly consider the social nature of knowledge (Stehr, 1994, p.92). Knowledge is treated as a black box. However, inspired by the work of Polanyi (1966) economic geographers, and academics in related disciplines, have debated the nature of knowledge, its development between various actors and institutions within regions and its dissemination across regional boundaries (Legendijk 2001). Indeed, what becomes apparent from this literature is that both knowledge and learning feature as central components in the knowledge-based economy. As was argued above, knowledge is seen as the most important resource in the knowledge-based economy and learning is the most important process (Morgan 1997).

### ***Knowledge Creation***

Much of the learning region literature divides knowledge into two main types in terms of degree of formalisation and presence: codified (or explicit) and tacit knowledge. Polanyi's (1966) philosophical work on knowledge has been central to this understanding and is often quoted by various practitioners of knowledge management (Dawson 1999). He points out that we can know more than we can tell others or explain to others. Explicit knowledge is what we can express to others, while tacit knowledge comprises the rest of our knowledge – that which we cannot communicate in words or symbols. Thus, codified knowledge involves know-how that is transmittable in formal, systematic language and does not require direct

experience of the knowledge that is being acquired and it can be transferred in such formats as a blue print or operating manual (Howells 2000, p.32). In contrast tacit knowledge cannot be communicated in any direct or codified way. Tacit knowledge concerns direct experience and is not codifiable via artefacts. As such it represents disembodied know-how that is acquired via the informal take-up of learned behaviour and procedures (ibid, p.37). Polanyi stresses that tacit and codified knowledge are not divided, but in fact codified knowledge requires tacit knowledge for its interpretation (1966, p.7):

“While tacit knowledge can be possessed by itself, explicit knowledge must rely on being tactile understood and applied. Hence all knowledge is either tacit or rooted in tacit knowledge. A wholly explicit (codified) knowledge is unthinkable.”

Maskell et al (1998) take a slightly different perspective on the codification of knowledge that is more closely related to Polanyi’s interpretation. They suggest that although most knowledge will eventually become more codified, not all forms of knowledge can be codified. However, without codification, the transfer of knowledge will be difficult and can take place only by demonstration. Therefore, for Maskell et al (1998) codification is important since it ‘implies a lasting reduction in the otherwise recurrent costs of communicating knowledge from one individual, department or organisation to another’ (p.37). Boekema et al (2000) also comment that the codification of knowledge does not mean that the receiver of the knowledge can use it immediately and without incurring costs. They note that the effect of codification is that little has to be invested in the relation between the owner and receiver of the knowledge in order to convey its content (ibid 2001, p.8). Another effect of the codification process is that the knowledge will eventually become diffused on a wider scale, which makes it impossible to use knowledge as a basis for sustainable competitive advantage. In fact, as Boekema et al (2000) note: ‘because most knowledge will eventually become more codified and be diffused in the many interactions within a firm, the best way for a firm to preserve its competitive advantage is to constantly create new knowledge’ (p.8).

Nonaka and Takeuchi (1995), in their work on the “knowledge-creating company”, are adamant that tacit and codified knowledge need to be seen as complementary. For them, the creation of knowledge is a process in which tacit knowledge is converted into codified knowledge and vice versa. As Boekema (et al 2000) explain, the logic behind this is that new knowledge that an organisation may want to absorb is often tacit and must first be codified to make it transferable. Thereafter, this new knowledge must then be internalised, i.e. people in the organisation must learn to use it, which means that the new knowledge must become part of their, and their organisation’s, pool of tacit knowledge (p.7). Therefore, for Nonaka and Takeuchi (1995), codified and tacit knowledge are constantly in interaction with each other,

creating a dynamic spiral of knowledge conversion leading to innovation. The interaction of these two forms of knowledge results in four modes of knowledge conversion, as illustrated by Figure 2.3:

**Figure 2.3: Modes of Knowledge Conversion**

		To	
		Tacit Knowledge	Explicit Knowledge
From	Tacit Knowledge	<i>Socialization</i>	<i>Externalization</i>
	Explicit Knowledge	<i>Internalization</i>	<i>Combination</i>

Source: Nonaka and Takeuchi 1995

For Nonaka and Takeuchi tacit knowledge is converted to tacit knowledge in other individuals through the process of *socialization*, or sharing experiences. *Externalization* is the conversion of tacit knowledge to explicit knowledge by making it readily communicable. Explicit knowledge is converted to tacit knowledge through *internalization*, which is the process of translating it into personal knowledge; while *combination* is the conversion of explicit knowledge to other explicit knowledge, by creating frameworks for knowledge. Figure 2.4 examines how this model could be used to provide a theoretical grounding for understanding the work carried out by consultants in regeneration. For example, *socialization* may be attributed to the work of consultants when they are advising and facilitating their clients to undertake particular projects. *Internalization* may take place when consultants work alongside the in-house teams of their client organisations thus transferring their knowledge of best practice to them, for example. *Externalization* is likely to take place when consultants produce reports for their clients, and finally *combination* may take place when consultants transfer lessons of good practice from one client or locality to another. The empirical evidence presented in chapter five will attempt to test how useful this model can be to explain how consultants contribute to the process of tacit and explicit knowledge conversion.

**Figure 2.4: Consultancy Activity within the Process of Knowledge Conversion**

		To	
		Tacit Knowledge	Explicit Knowledge
From	Tacit Knowledge	Sit-in; advise and facilitate. <i>(Socialization)</i>	Reports i.e. policy or strategy development work. <i>(Externalization)</i>
	Explicit Knowledge	Shadow, support and transfer of knowledge to local agents. <i>(Internalization)</i>	Transferring and producing good practice lessons from elsewhere. <i>(Combination)</i>

***Knowledge Development and Learning***

Learning, as a central concept within the learning region literature, is interpreted as an interactive process, undertaken by actors set in specific sociocultural arrangements, guided by institutions in the sense of the routines, rules, and conventions to be followed (Healey 1997; North 1990; Vermeulen et al 1997; cited in Hassink and Lagendijk 2001, p.66). For Hassink and Lagendijk (2001) learning actors are part of a more specific organisational environment in which interaction is facilitated by social networks, and steered by particular divisions of power and interests. Moreover, learning is not only supported by institutions, it is also about the role of institutions (2001, p.66). Learning, in this context, has two core elements. The first is interaction and the second is knowledge development.

The role of interaction is emphasised in the works of authors on regional economic development, such as Storper (1997) and planning by Healey (1997), who both draw on the communicative approach, of Habermas. Within this literature, the interactive processes of learning are seen as important foundations of institutional building. As Hassink and Lagendijk emphasise, this perspective ‘underpins a phenomenological interpretation of the relationship of knowledge to action’ (Healey 1997, cited in Hassink and Lagendijk 2001, p.67). By this they imply that knowledge is essentially a social construction and involves a close association between ‘scientific processes and practical reasoning that includes storytelling and the shaping of interests’ (2001, p.67). Stehr also defines knowledge as a capacity for action, indicating that the ‘material realization’, and implementation of knowledge is dependent on, or embedded within, the context of specific social and intellectual

conditions. Gibbons et al (1994) also discuss the social situatedness of knowledge, and a central theme in their work is the emphasis of the link between knowledge and action. Giddens (1984) in his work views knowledgeability as constitutive of, or common to, social action. As Hassink and Lagendijk note: “the context of application (through action) is an intrinsic element of knowledge development” (2001, p.67).

The link to the context of application also features in the model of inter-regional institutional learning (see below) as discussed by Hassink and Lagendijk (2001) who note the various interacting forms of learning (p. 67):

- (a) *Cognitive Learning* – learning that contributes to a grasp of the understanding of a particular situation or problem. In the context of pluriform environments, and faced with complex problems, cognitive learning capabilities will include the ability to work across disciplinary fields, and to link analytical skills with action-orientated design competencies (Verkaik 1997)
- (b) *Social Learning* – learning that improves understanding of the other actors involved and their actions (Vermeulen et al 1997; cited in Hassink and Lagendijk 2001). Interactive learning processes draw strongly on this form of learning, although cognitive aspects are also important.
- (c) *Institutional Learning* – this is where the formation and bedding of routines, attitudes, and organisational forms underpinning learning is stressed. This is because, as Hassink and Lagendijk stress, institutional set-ups are sociocultural phenomena, they differ significantly between localities, regions, and nations. However, they not only differ geographically from each other, but “the relations between institutions and innovation [also]...change, sometimes fundamentally, over time” (Johnson 1992, p.23; cited in Hassink and Lagendijk 2001, p.67). Institutional learning stresses the more explicit coupling of economic performance with the existence of particular social institutions. Localized technological learning is therefore seen as resting upon localized institutional learning. As Lorenzen (2001) notes, “this development includes a range of formal and informal local institutions. Formal institutions encompass a variety of local organizations: associations, service-providers, schools and universities, and policy-making bodies. Informal institutions span from firm-level or network-level routines to community-level norms and conventions, facilitating trust and economic coordination” (p.165). Here rests a significant part of what some scholars call local bases of tacit knowledge (Maskell et al 1998; Lorenzen 1999), growing in relative importance for competitiveness as more and more other knowledge is codified and hence imitable (Lorenzen 2001, p.165). In a learning

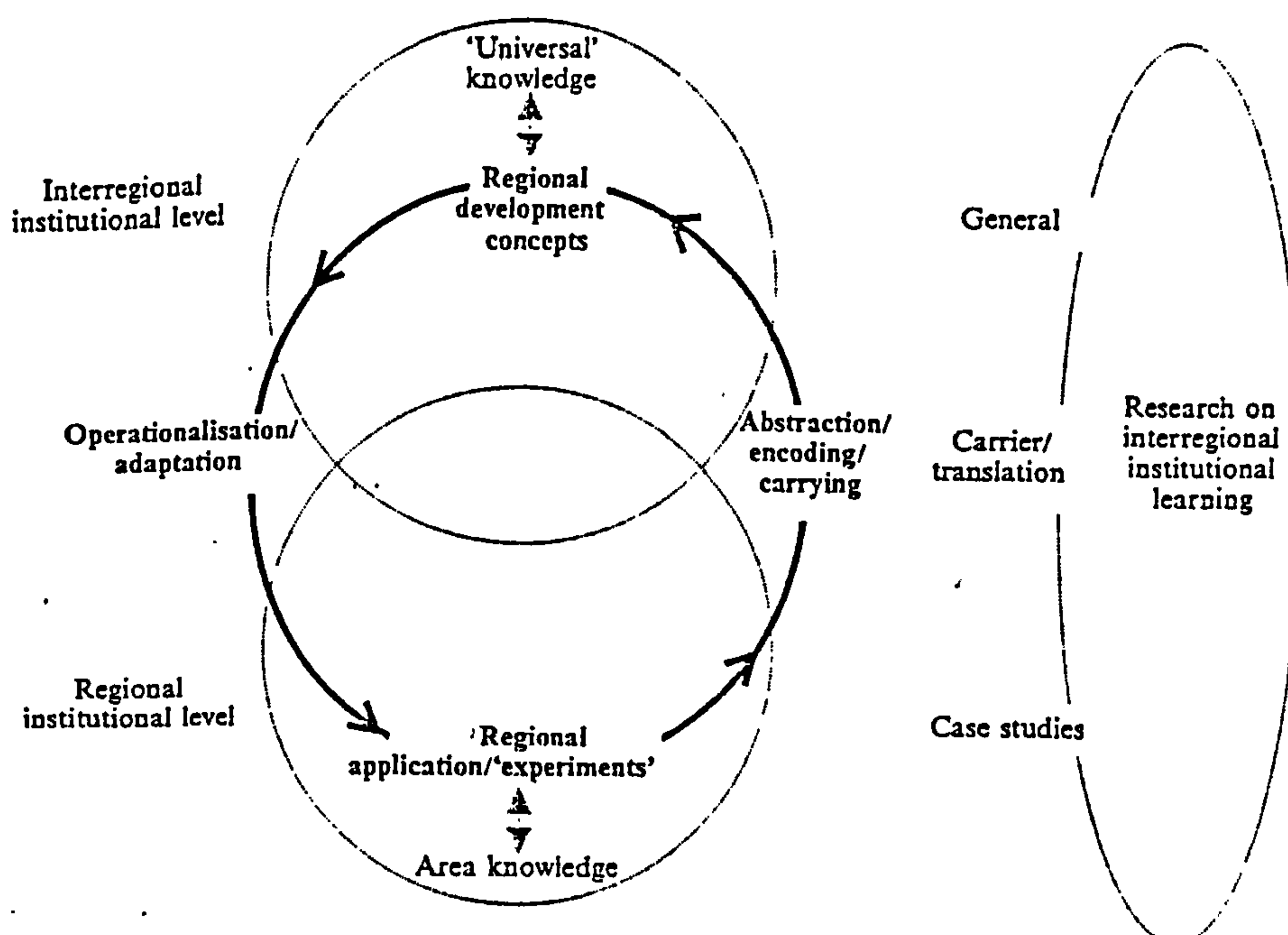
perspective, particular institutional environments are seen to facilitate technological learning and economic growth. In addition, authors who argue the need for institutional learning, believe that there should be a central actor, comparable to an animateur, facilitator, or reference forum, who is able to identify and communicate innovations (Hassink and Lagedijk 2001, p.68). When these conditions are fulfilled learning becomes more reflexive, that is, the subject will be taken as the object (2001, p.68). As authors such as Cooke and Morgan imply (1998), institutional learning thus means that regional actors are capable of reflecting in a critical way upon their own institutional arrangements, and can derive conclusions about the need and potential for change.

In relation to this thesis, a fundamental part of these interactive learning processes identified above (cognitive, social and institutional) is the way in which knowledge development is applied and is carried across space. In order to 'travel' from region to region, new knowledge about regional development needs to be encoded. As Hassink and Lagendijk note 'one can envisage new ideas being transferred of a tacit form, for instance via prominent academics, consultants, or politicians who apply ideas acquired in one region to the situation in another region' (2001, p.68). For Hassink and Lagendijk (2001) other forms of knowledge, especially those that become more widespread, can become codified in concept form through written texts (for example, books, policy documents), or verbal communication (for example, in conferences), or embodied in policy instruments (2001, p.68). However, this process of codification and embodiment does not mean that there is no tacit knowledge involved. In fact, 'generalised' concepts can only travel through a process of interaction, 'moulded by cognitive, social and institutional dimensions' (Hassink and Lagendijk 2001, p.69). As Lundvall (1996) makes clear, even with the most widespread codified concepts, users will always need appropriate tacit knowledge in order to absorb and apply its contents.

In a similar vein, Nico Stehr (1994) also argues that there is a demand in society for skills that are able to make knowledge constantly available, interpreted and linked to emerging local circumstances. This is the job performed by experts, counsellors and advisers (Stehr 1994, p.98). For Stehr, this group of occupations is needed to mediate between the complex distribution of changing knowledge and those who search for knowledge. In other words, 'a chain of interpretations must come to an end' in order to become relevant in practice and effective as a capacity for action. This function of ending reflection for the purpose of action is largely performed by experts in modern society (Stehr, 1994, p.99). This multilevel dynamic of knowledge development is viewed by Hassink and Lagendijk as a cyclical process (see Figure 2.5 below). Although this is a highly schematic illustration of a complex process

of knowledge creation, transfer and learning, it does capture the way in which concepts move from the regional level of application to the interregional level of abstraction and generalisation, and back. As Hassink and Lagendijk note, ‘in illustrating the dynamics of knowledge development – as object – the figure thus distinguishes between two basic subject levels: the one comprising the regional actors engaging in local application and implementation. The other comprising interregional actors acting as carriers and translators of concepts across space (Hassink and Langendijk 2001, p.69). It is possible that consultants could be seen as having a role in this process of abstracting, encoding and carrying of knowledge across space. The empirical work will assess whether this does occur and whether regeneration consultants do have a role to play within this knowledge development process.

**Figure 2.5: A cyclical model of knowledge development**



Source: Hassink and Lagendijk 2001, p.69

***Exchanging Knowledge and Developing Trust: User-Producer Interaction***

Lundvall (1988) states that normally ‘each producer will have close interaction with a subset of all potential users and each user will be attached to only one, or a small subset of all potential producers’ (p.354). This selectivity reflects the need to develop non-economic relationships of hierarchy and mutual trust. User-producer trust-relationships are important in



the context of exchanging knowledge, especially tacit knowledge. As Maskell and Malmberg (1999) note, 'the really valuable knowledge is the not yet fully codified and ubiquitous one' (p.17). Here they refer to knowledge that is still, at least partially, tacit. The transfer of tacit knowledge between the possessor and the buyer requires reciprocal and stable arrangements where the actors involved gradually come to trust each other, or at least behave as if they trust each other (Maskell and Malmberg, 1999, p.17). As Lundvall suggests, it takes time to develop selective relationships involving elements of hierarchy and mutual trust (1988, p.354). Furthermore, it also takes time to develop effective channels and codes of information. As Lundvall comments (1988, p.354):

*“Ceteris paribus, the user will prefer to trust producers, known from her/his own experience, rather than getting involved with a new producer. The investment in information channels and codes will be lost if the old relationships are severed and new investment in the creation of new relationships will be required. Therefore, user-producer relationships will tend to become enduring and resistant to change.”*

When this form of trust building does take place some forms of tacit knowledge might eventually be exchanged (Sako 1992, cited in Maskell and Malmberg 1999, p.17). Maskell and Malmberg (1999, p.17) propose four distinctive stages in this process of user-producer trust building:

- i. The first stage involves the transfer of knowledge via a very old-fashioned pre-capitalist exchange mechanism – barter.
- ii. In the second stage, the partners in one transaction save some or all the search costs by keeping in contact with each other, thus initiating a 'dyadic', stable relationship.
- iii. During the third stage, the accumulated sunk costs align the incentives and make the partners in a dyadic relation behave as if they trust each other.
- iv. By the fourth stage the dyadic partnerships interconnect in building network-relations through which each participant might access knowledge while benefiting from the trust-enhancing investments made by the initial sinking of costs in one or a few relationships (i.e. your-friend-is-my-friend).

These four stages proposed by Maskell and Malmberg represent a taxonomy of ways to exchange knowledge. All these stages will usually have to be travelled sequentially in order to reach the final stage. In addition, all firms might also at one and the same time have external business relationships that will belong to different stages (Maskell and Malmberg 1999, p.17).

The work of Dawson (1999) on the development of knowledge-based client relationships amongst professional services also highlights some important points with regard to knowledge transfer and developing 'intimate' or trust based relationships with clients. As he notes, 'the key link between knowledge transfer and client relationships is intimacy' (ibid, p.19). Dawson highlights that 'intimacy' denotes 'the existence of rich ongoing two-way interaction and a deep level of mutual trust' (p.19) between the service provider and client.

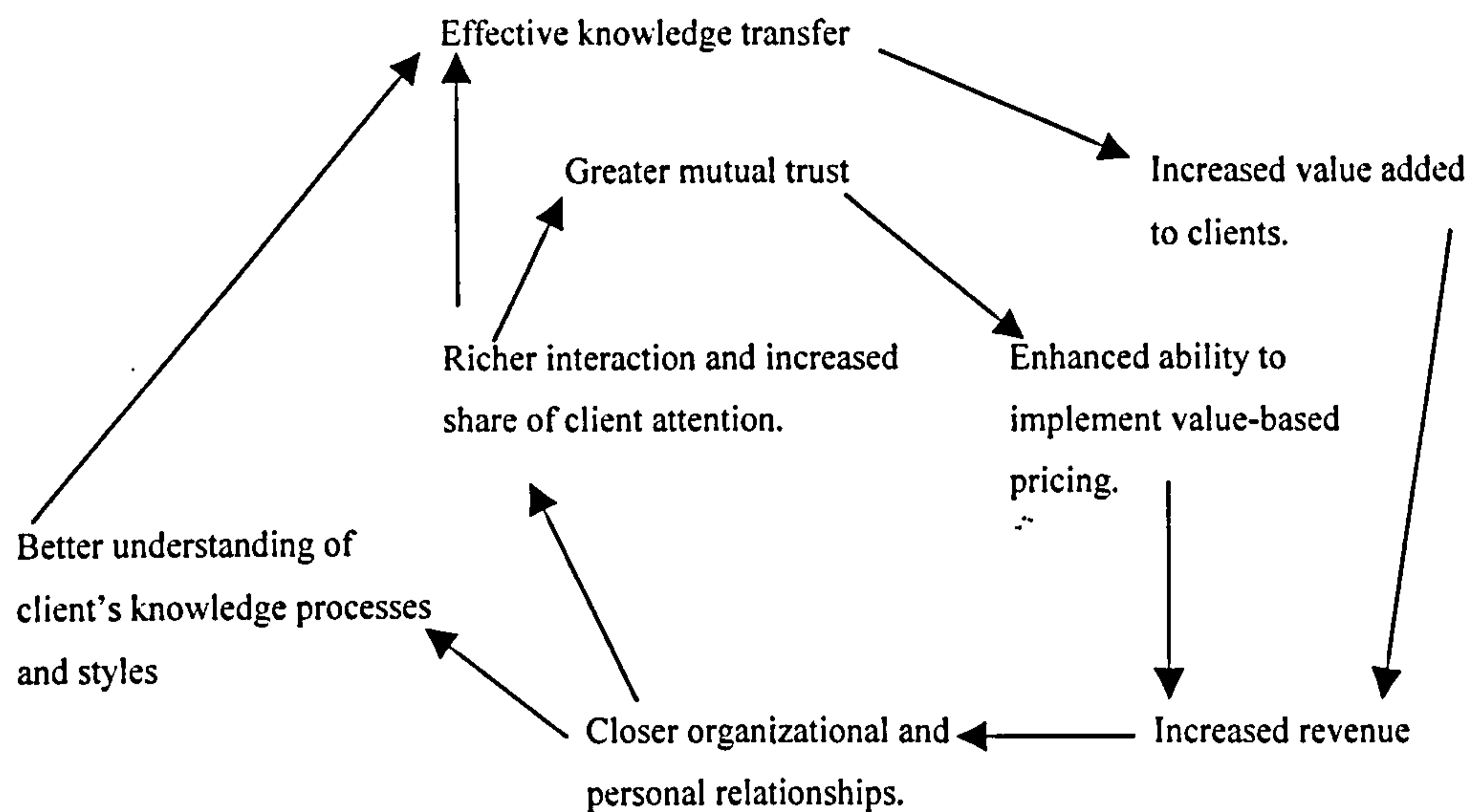
Therefore, for Dawson worthwhile relationships are based on trust. Without trust, 'neither party is given the opportunity to pass significant value to the other and there can be no scope for mutually beneficial relationships to develop' (ibid, p.20). A further point made by Dawson is that trust is more about personal relationships rather than organisational relationships; 'indeed all relationships are ultimately between people, not organizations' (p.21). Thus, individuals in client organizations trust individuals who work for their service providers, rather than the firm itself. This, as Dawson argues, is one of the key reasons that professionals regularly take their clients with them when they move to other organizations – the clients remain loyal to the individual professionals, not the firm.

As with Maskell and Malmberg, Dawson (1999, p.21) also suggests that the development of trust is to a great extent a matter of interaction over time:

“While relationships may begin with a high degree of trust based on the reputation of the individual or organization, it is through consistently meeting expectations that deep trust is developed. This fulfilment of expectations requires interaction – the richer the interaction, the greater the opportunity for experiences that will build trust.”

However, moving beyond Maskell and Malmberg's interpretation of close user-producer interaction, Dawson (1999) suggests that mutual trust and a dynamic two way interaction between both the service provider and client mean that not only does the client gain the benefit of the rich knowledge transfer enabled by the intimacy of the relationship, but the service provider also has an excellent opportunity to learn and develop its own knowledge, as well as to identify further business opportunities. Dawson summarises this user-producer interaction in terms of a virtuous cycle of knowledge transfer and developing client relationships (see Figure 2.6 ).

**Figure 2.6: The virtuous circle of knowledge transfer and development of client relationships.**



Source: Dawson (1999, p.20)

### ***Institutions within Learning Regions***

Another key element discussed by authors from the learning region camp with relevance to this thesis is that of the role of institutions with authors emphasising the importance of the socio-economic institutional capacity of regions (at the sub-national scale) and their interregional differentiation (Amin and Thrift 1995, Sabel 1994, Scott 1988, 1998). For these authors, a region's development is determined not only by its physical resources but also by its institutional resources. In this sense, 'institutions are understood as the set of conventions and roles of action prevailing in the economy and which are embedded locally and may demonstrate a degree of regional differentiation' (Kratke, 1999, p.683). Academics adopting this theoretical standpoint, the so-called 'New Regionalists' (as labelled by Lovering 1999), see a new economic dawn arising within regions. Their argument has been formed in an era when deindustrialisation has left many urban areas and regions facing growing difficulties and problems. Furthermore, as Raco contends, 'the resurgence of neo-liberal governance in countries such as the UK has had the effect of disempowering local urban managers and communities at a time when local economies are been increasingly exposed to global/international competition' (Raco 1998, p.975.) It is within this context that a range of commentators (e.g. Amin and Thrift 1995, Healey 1995) have argued that:

“The way forward for city authorities is through developing an institutionally based set of local networks and alliances in which a range of interests are represented and through which wider, global, economic forces can be better ‘held-down’ at the local level.” (Raco, 1998; p.975)

In general, these learning region authors argue that a strong institutional presence or “thickness” at the regional level may provide the basis for local economic vibrancy and strong political consensus building. Urban areas and regional spaces have been ‘at the sharp end of economic and state restructuring, with high levels of unemployment and deprivation’ (Raco 1998, p.976.) For the New Regionalists, such as Amin and Thrift, developing a strong institutional thickness, or strong local institutional relations, may provide one way of encouraging and developing economic regeneration at the local level.

### *From the Learning Firm to the Learning Region*

Florida (1995) has also argued that, rather than indicating the “end of geography”; the process of globalization is actually serving to constitute regions as highly important sites for economic and technological organization. For Florida, the new age of capitalism sees an increasing proliferation of “globe-straddling” networks of transnational corporations and high levels of FDI between and among nations; the emergence of integrated complexes of transplant factories and surrounding supplier and product development activities. Furthermore, “innovation-mediated production” sees a fusing of intellectual and manual labour, and represents a “vehicle” for diffusing technologies and state-of-the-art management practices.

Florida argues that the upshot of this is that we are in a new epoch of post-fordist, globalizing, knowledge-intensive capitalism, where intelligence and intellectual labour are replacing physical labour as the fundamental source of profit and value. This analysis has at its heart a “post branch plant” form of inward investment, which represents a vehicle for diffusing advanced technologies through integrated networks of surrounding supplier and product development activities. An example of this centres on Japanese automotive production in North America, which embodies “an integrated transplant complex comprising seven major automotive assembly complexes and more than 400 suppliers located in and around the traditional industrial heartland region of the USA (ibid; p.529.)

For Florida, the nature of this economic transformation makes regions key units in the global economy. However, this new age of capitalism also requires a qualitatively new kind of region. In effect, regions are increasingly defined by the same criteria and elements, which help to constitute the knowledge-intensive firm. Thus things like new ideas, continuous improvement, knowledge creation etc, become crucial determinants in regional competitiveness and survival. For Florida, like firms, regions themselves must adopt the

principles of knowledge creation and continuous learning. They need to become learning regions. In this sense, they need to provide a series on inter-related infrastructures, including:

- ❑ Manufacturing Infrastructure
- ❑ Human Infrastructure
- ❑ Physical and Communication Infrastructure
- ❑ Industrial Governance System.

Both Florida and Amin and Thrift provide a coherent and provocative regional story regarding adaptable and competitive institutional forms, as well as economies of informational and knowledge intensive criteria. Their accounts lay emphasis on ‘the role of the local social, institutional and human capital as key competitive assets of the supply side of the economy’ (Peck 1999, p.13.)

### ***The Institutional-Technological-Infrastructure***

Jan Lambooy (2000) contends that regions with a diversified knowledge base as part of their ‘institutional technological infrastructure’ – indicating individual actors (individual persons and organisations) and institutions – have better prospects of growth and survival in an evolutionary process of economic competition (2000, p.17). The concept of ‘institutional-technological-infrastructure’ has a wider meaning than that of Florida’s and Feldman (1994) who use the term ‘technological infrastructure’ with reference to the following four indicators (1994, p.211):

1. Firms in related industries;
2. University R & D
3. Industrial R & D
4. Business-service firms

Florida and Feldman’s approach to knowledge and knowledge development is restricted to R&D (Lambooy, 2000, p.17). Lambooy contends that regions with ‘agglomeration economies’ and, hence, with a diversified economic structure, have a wide access to one of the main sources of economic growth: knowledge. Knowledge is a main resource in the process of economic growth. Resources are both tangible and intangible entities that are available to people, firms and countries (or populations) and enable them to produce and consume efficiently or effectively (Hunt 1997, p.60; cited in Lambooy, 2000, p.18).

For Lambooy knowledge also refers to the capacities for problem definition and problem solving. Workers in professional services, headquarter functions and R&D laboratories can be called 'knowledge workers' (2000, p.18). In other words, they are the carriers of knowledge production. Advanced producer services or knowledge-intensive services play an important role in the development of knowledge, in facilitating the use of knowledge, and, hence, in the overall economic change and adjustment (ibid, p.18). Lambooy contends that these higher order services, more particularly finance, real estate, law and professional service workers, are highly concentrated in metropolitan areas. Within regions the process of knowledge building requires the presence of economic activities to nurture the process of differentiation of existing and new activities. People who can learn and develop skills and knowledge, both tacit and explicit, are the basic elements in this process (ibid, 2000, p.33). The people with most sophisticated knowledge are the professional 'knowledge workers'. They can assist governments and other organisations to build and manage a regional knowledge base. As Lambooy states, 'individuals, organisations (including 'hybrid' organisations or networks) and institutions, are all partners in the process of developing a regions 'set of capabilities.' That is why Lambooy contends that the 'institutional-technological-infrastructure', rather than the 'technological infrastructure', to which was referred earlier, is to be regarded as the correct concept (ibid, p.34).

In relation to this thesis, the strength of Lambooy's argument lies in the fact that he does not solely focus on high-tech and R&D institutions as holding the key to a regions economic success (as with Florida 1995 or Scott 1988). For Lambooy, the process of knowledge building and its management is 'embedded' in a region's fabric of actors and institutions and the uniqueness of the regions set of capabilities lies largely in the relations developed by individuals and organisations. Lambooy argues that learning regions depend on learning individuals and learning organisations such as firms and networks, within institutional structures that can nurture new developments. Furthermore, the increasingly complex economy needs more knowledge to resolve development problems, hence the demand for 'knowledge workers' and a diverse and robust institutional-technological-infrastructure.

Relating to Lambooy's work, Morales et al (2002) examine the role of local institutions as intermediary agents within industrial districts. Their theoretical discussions suggest that local institutions and other local actors in the district can act as intermediary agents that play an important role in providing the district with new information and knowledge (2002, p.315). In their analysis the authors suggest that firms connected with other participants in an industrial district have access to new external information and opportunities. These 'intermediaries' as the authors refer to them, may include a mixture of both private and public

institutions that carry out activities in support of the whole district. These may include: universities, research and other academic institutions, regional policy agents and trade or professional associations (ibid, p.321). According to the authors, these local institutions can play the role of network intermediaries for individual firms in the district, and act 'as a repository of knowledge and provide innovation opportunities' (ibid, p.321). Moreover, as intermediaries, local institutions provide firms with net value by means of compiling and disseminating knowledge among them and by reducing their searching costs (ibid, p.321).

Both Lambooy's (2000) work and that of Morales et al (2002) provide a useful theoretical basis for discovering and posing the question whether consultants can also be seen as 'knowledge workers' and intermediaries within the local regeneration sector, who provide other local institutions with the knowledge and information required to deliver more effectively their regeneration responsibilities?

### *The Networked, Innovative Region*

Another important element of the learning region paradigm that relates to this thesis is the emphasis that some authors have placed upon innovation and networks as important attributes for firms within regional economies (Cooke and Morgan 1993; Hakanson and Johanson 1993). Many of these academics argue that firms will decide to specialise in order to remain competitive. Other authors (Scott 1988; Storper 1992) have argued in relation to this that technological developments are now proceeding so quickly that firms cannot stay abreast in every field. As such, they have to specialise in activities and technologies that form the basis of their core competences. Hakansson and Johanson (1993; cited in Boekema et al 2000) reach similar conclusions from another perspective, namely that of resources. The resource-based perspective argues that networks are important for innovation, since no single firm controls sufficient resources itself (Boekema et al 2000, p.9). Thus innovation requires the mobilization of both internal and external resources, and external resources are mobilized through network relations. Networks, in this perspective, 'consist of actors and the relations among them, and of activities/resources and the dependencies between them' (Hakansson and Johanson 1993, p.36).

The urban and regional analysts, Philip Cooke and Kevin Morgan, suggest that the increasing prevalence of inter-organizational networking needs to be seen in the context of evolving corporate and regional governance (1993, p.543.) They take their definition of networks from the organisational theory of Powell (1990), who argues that:

“in network modes of resource allocation, transactions occur, neither through discrete exchanges nor by administrative fiat, but through networks of

individuals or institutions engaged in reciprocal, preferential [and] mutually-supportive actions. Networks can be complex: they involve neither the explicit criteria of the market, nor the well-organized routines of the hierarchy. A basic assumption of network relationships is that parties are mutually dependent upon resources controlled by another, and there are gains to be had by the pooling of resources.” (cited in Cooke and Morgan 1993, p.544)

For the contemporary firm, intra-firm synergies are achieved by integrating R&D, production, marketing and by decentralizing decision-making. Inter-firm networking can occur through joint ventures, strategic alliances, and closer, more co-operative and interactive ties with buyers and suppliers. Cooke and Morgan, however, take this corporate focus a little further, and suggest it is often best understood as part and parcel of an embedded regional milieu, where co-operative networking is also engaged in, by a plethora of public and private agencies concerned with innovation, training, R&D, and business services. As Boekema et al comment (2000), ‘given the many interdependencies between actors – without which learning is not possible – actors and interactions cannot be studied in isolation. Embeddedness is a key element of the learning region paradigm.’ (p.9). Some of the most notable examples of this atmosphere of regional innovation and embeddedness, or what Cooke and Morgan sometimes refer to as ‘regional innovation networks’ (Cooke and Morgan 1993), have emerged in certain mainland European spaces, areas which Cooke and Morgan term, “intelligent regions” (1993). For example Emilia Romagna and Lombardy in Italy and Baden Wurttemberg in Germany.

What becomes apparent from the preceding discussion on both specialisation and the resource-based perspectives is the need for flexible networks. As Boekema et al (2000) state, ‘in order to seize opportunities, firms must be able to combine various specialisations, resources, strengths and skills which are outside their own area of control. Thus firms increasingly depend on other firms for these inputs’ (p.9). As such, the knowledge-based economy can also be seen as a network economy where innovations not only occur on an intra-firm but also on inter-firm level. However, this level of networking and embeddedness cannot occur automatically. A high degree of trust and commitment among people and organisations is essential (Boekema et al 2000). Morgan (1997, p.30) defines this trust as:

“the confidence that parties will work for mutual gain and refrain from [Williamsonian] opportunistic behaviour...[Trust] cannot be bought; rather it has to be earned...[It is] one of those rare assets, like loyalty and goodwill, which have value but no price.’

Therefore, trust must be earned and reinforced and as such, it is a by-product of, rather than a precondition for, successful collaboration (Boekema et al 2000). While low-trust



relationships severely inhibit interaction and collaboration, trust-based relationships can offer at least three major benefits on participants who have taken the time and trouble to develop these relational assets (Morgan 1997). These three benefits include (based on Morgan 1997, p.30-31):

- i. Participants are able to economise on time and effort because it is extremely efficient to be able to rely on the word of one's partner.
- ii. Participants are better placed to cope with uncertainty because, while it does not eliminate risk, trust reduces risk and dissolves possibilities for action that would have been unattractive otherwise.
- iii. Participants have greater capacity for learning because they are party to thicker and richer flows of information.

### *The Factor of Space*

Space is another key element in the learning region paradigm. A general assumption underlying the learning region paradigm is that of the geography of knowledge (Boekema et al 2000, p.10). This assumption elaborates on the distinction, discussed above, between codified and tacit, or embedded, knowledge. As Boekema et al suggest (2000), 'codified knowledge can easily be transferred on a global scale, for example, through the use of the internet. Tacit knowledge, on the other hand, requires a lot of intensive face-to-face communication to transfer not only the content, but also the context, of the knowledge' (p.10). By this they mean that in order to be able to absorb and to use tacit knowledge, the receiver will have to (learn to) understand the context in which the knowledge is embedded. Boekema et al (2000) continue by stating that intensive face-to-face communication gains from proximity. Thus, in the case of tacit knowledge, proximity – although not essential – greatly assists the process of knowledge transfer. As Geenhuizen and Nijkamp state (2001, p.38):

“tacit knowledge – with its crucial role in innovation – is highly territorial-specific because of its embodiment in individuals, its social and cultural context and, therefore, its need for proximity.”

Case studies of successful regions such as Emilia-Romagna and Silicon Valley would seem to support this assumption of the geography of knowledge. In such regions, actors seem to understand the social codes, the routines, etc (Boekema et al 2000). They are a community and their interactions are characterized by a considerable amount of trust. This gives the insiders of such a regional community an advantage over outsiders when it comes to the transfer of tacit (embedded) knowledge (Boekema et al 2000).

However, authors such as Maskell et al (1998) demonstrate that proximity is only one part of the explanation of the impact of 'space' on learning in networks. They argue that institutional factors also play a crucial role, where they point to the advantages of territorially embedded networks - networks that are 'strongly rooted in the specific social and institutional setting of place, region or country' (ibid, p.49). They continue to argue that 'the tacitness of the knowledge created in settings where localised, inter-organisational assets are important, prevents dissemination to outsiders' (ibid, p.49). As such, this allows territorially embedded networks to develop unique, localized capabilities; combinations of institutional endowments, built structures, natural resources and the knowledge and skills in a region from which firms draw competitive advantages (ibid, p.53).

### *Criticisms of the Learning Region Approach*

The learning region literature has faced criticism in recent years, most notably from John Lovering (1996, 1999). Much of this criticism stems from the tendency of some proponents of the 'learning region' thesis to regard the regional level as a powerful and unique economic and political entity. If developed properly by policy makers and key regional actors, it is argued, regions could hold the basis for local economic vibrancy and strong political consensus building. Indeed, some of these New Regionalist theories present themselves as mouth watering *a la carte* menus of regional delights for policy makers and regional institutions that wish to pick and choose the political, social and economic recipe which they believe will promote the competitive advantage of their regional environment. This 'policy led theory' (Lovering 1999) has provoked a critical response.

Critics of the learning region paradigm directly question the premise that a region's success or failure depends on whether it has 'institutional thickness' (Raco 1998, p.978.) How do these theories account for regions that have a strong institutional make-up, but are still not economically successful? For example, Hudson (1995) demonstrated that strong institutional cohesion in the North East of England does not automatically mean economic vibrancy (cited in Raco 1998, p.979.) Another criticism focuses on the over emphasis on the local in 'New Regionalist' theories. By continuously stressing the development of local institutional thickness these theories, it is argued, face the danger of over-simplification and ignoring wider economic and political forces that may have significant influence on the regional level, for example, central government policies. As Raco argues (1998, p.979):

“...this focus on the local level may underplay the powerful role national institutions and central-state policies may have on local economic success.”

Consequently, certain critics have argued that analysing localities or regions alone, without taking into account wider structures of capitalism and politics, misses the point (Harvey 1989, Peck and Tickell 1994; 1995; cited in Raco 1998.)

John Lovering argues that New Regionalism can be seen as a set of stories about how parts of the regional economy might work, 'placed next to a set of policy ideas that may be implemented and made useful in certain cases' (Lovering 1999b, p.384), by policy makers. In effect, he asserts that certain or more 'vulgar' New Regionalist writings have the tendency to slip from a solid empirically informed theoretical foundation into policy led advocacy. This 'vulgar' New Regionalism, he argues, rushes to make 'interpretative claims concerning real places' (Lovering 1999b, p.384.) They are vulgar in the context of attempting to translate theoretical assumptions into simple real world empiricism. However, some authors have noted that 'Lovering lacks a deeper reading of the economic development policies and practices which are being criticised' (Jones 1999, p.6.) If the New Regionalists are wrong, then there 'does not appear to be an alternative research agenda offered to capture the 'real connections' between the state, the construction of knowledge and new representational forms involving business elites' (ibid, p.6.) In assessing the above arguments, possibly the strongest asset of some of the most sophisticated writings on learning regions is their construction of an empirical and theoretical framework for the researcher to utilise (Raco 1998, p.992.)

Certainly, from the point of view of this thesis, the learning region doctrine raises questions relating to knowledge, learning, institutional capacity and networking that may account for the rise and activities of a professional regeneration consultancy sector in local economic and social regeneration. First, in relation to knowledge and learning, to what extent can consultants be seen as carriers or transmitters of knowledge? Moreover, what is the nature of this knowledge transferral and can it be related to the model developed by Nonaka and Takeuchi? What is the spatial composition of this knowledge and at what level are consultants involved? To what extent can consultants be viewed as knowledge workers and how do they contribute to learning processes? What is the nature of the interaction and relationships between consultants and their clients and what forms of networking (if any) occur between consultancy firms involved in the regeneration process? I will return to these questions at the end of the chapter.

The following section will attempt to 'fill-out' the learning region literature (which as was argued above, has been criticised for ignoring wider political processes) by looking at the debates discussing the impact of state restructuring processes on changing forms of urban

governance. These debates on governance are important in relation to this thesis because they highlight the rise of non-state actors that, this thesis would argue, include consultants.

## **2.8 THE RISE IN URBAN GOVERNANCE**

### *Urban governance in the UK*

The past three decades have unquestionably witnessed significant changes in the management of Britain's urban areas. Prompted by the combination of Thatcherite antipathy towards local government and ideological predilections to the market, privatisation, competition, deregulation and business involvement a reconstituted local institutional framework would seem to have assumed responsibility for important elements of service provision and policy making (Valler et al 2000). This institutional framework has incorporated 'new networks of Training and Enterprise Councils and Urban Development Corporations, police and health authorities, private firms, opted-out schools and a whole variety of partnership organisations, supplemented latterly by some involvement of community and voluntary interests' (ibid p.410). As a result of these changes, over the past two decades an influential body of literature has emerged in Britain and elsewhere with a particular concern with the shifting styles and processes of local government (Gibbs et al 2001). Goodwin and Painter (1996) note how such transformations have revolved around the diminishing power base of local government, with spending powers and priorities increasingly determined by central government. Moreover, as Imrie and Raco (1999) suggest, 'local government functions have increasingly been contracted-out to private operators while non-elected institutions have expanded to take charge of a range of service and welfare functions, previously the preserve of local government' (p.45). In addition, local authorities are said to have become more 'entrepreneurial', engaging in new partnerships with the private and community/voluntary sectors to attract public resources and inward investment in order to facilitate local economic development (Cochrane 1993).

### *Theoretical Background*

Certain authors have characterised these changes as a shift from local government to local governance (Goodwin and Painter 1996; Harvey 1989; Rhodes 1988). For authors such as Johnston and Pattie (1996) local governance can be distinguished from local government in that the former refers not only to the formal agencies within the state (i.e. local government) but also to a:

“...wide range of other actors, institutional and individual, private and voluntary and public sector which are involved in regulating a local economy and society” (p.15).

Other authors, such as Jessop (1994; 1995) have referred to this as part of a ‘hollowing-out’ process of the state, where state institutions have been relegated to providing increasingly weak regulatory and coordinating roles for the private and voluntary sector delivery of services.

This restructuring of local government to a ‘new’ local governance has generated much debate about the nature of the differences between local government and local governance. For example, Harvey (1989) argues that urban governance has become increasingly preoccupied with the exploration of new ways in which to foster and encourage local socio-economic development and employment growth and that this ‘entrepreneurial stance contrasts with managerial practices of earlier decades which primarily focused on the local provision of services, facilities and benefits to urban populations’ (1989, p.3). Therefore, while this transition to a ‘new’ local governance is seen as being underpinned by wide-ranging shifts in policy objectives, styles and trajectories (Imrie and Raco 1999) it also highlights a broader and more fragmented local governance, extending beyond the traditional formal agencies of local government. Thus, this influential literature may be helpful in unpacking some of the demand-based reasons for the rise of consultants within local economic and social regeneration.

This study of the shifting styles and processes of local government have been interpreted from various theoretical perspectives, including urban regime theory, urban growth coalitions, regulation theory and neo-Gramscian state theory. One of the leading UK theorists has been Jessop (1994; 1995; 1997; 2002) and he argues that the revival of ‘governance’ suggestively highlights a major paradigm shift in political and economic analysis and has become an important concept for narrating and/or analysing the contemporary world. He also argues that the last two decades have seen a revival in explicit and sustained theoretical and practical concern with governance as opposed to government. Jessop notes that, ‘as far as the Anglophone world is concerned this renewed interest in governance can be dated back to the mid 1970s’ (1995, p.308). He argues that the development of governance has both theoretical and practical motives. On the one hand it stems from growing dissatisfaction with a number of traditionally dominant approaches in conventionally demarcated mainstream social science disciplines. On the other hand, ‘these new interests coincide with new problems (or at least new ways of discursively constituting problems) across a growing range of phenomena on many different social scales’ (1995, p.309). As such, studies of governance have much varied

theoretical roots often emerging in reaction to perceived inadequacies in earlier theoretical paradigms. However, Jessop (1995) suggests, that in general terms, these various approaches to governance 'share a rejection of the conceptual trinity of market-state-civil society, which has tended to dominate mainstream analyses of modern societies' (p.309). From studies in institutional economics and transaction cost analysis, international relations and amongst political scientists, Jessop (1995) demonstrates a growing dissatisfaction within these multiple disciplines with state centred analyses of politics and its associated top-down account of the exercise of state power.

Shaped by three main theoretical currents - the French Regulation approach, neo-Gramscian state theory and critical discourse analysis (Jessop 1996), Jessop's work has been central within the geography literature over the last decade in highlighting core activities within the reorganisation of the state. Much of the support for his thesis is attributable to the way it focuses attention to the changing form, functioning, and strategic (re)direction of the state at a time of intense regulatory experimentation and 'institutional searching' (Peck and Tickell 1994). Furthermore, because Jessop's approach permits the generation of research questions for empirical analysis (Pinch 1995) it provides a useful frame of reference through which to interpret 'a range of mutually constituting processes – including the emergence of new forms of local and regional governance, the rise of partnerships, the consolidation of the European Union, and shifts from welfare to work (fare) – and moreover, to conceive of these changes as both part and parcel of the restructuring of the state' (MacLeod and Jones 1999, p.578).

Jessop (1995;1997) highlights three central processes at work in the reorganisation of the state. These include the *denationalisation*, *destatization* and *internationalisation* of policy regimes. First, the *denationalisation* of the state suggests that far from there being a simple scalar process of movement of state power downwards towards the local state, there have also been moves upwards and sideways (Gibbs et al, 2001). This process of 'hollowing-out' as Jessop refers to it highlights how the state's capacity to 'promote developmental accumulation is being weakened in and through the intricacies of global production complexes, international trade, financial deregulation, space-shrinking technologies, and virtual geographies, so old and new state capacities are being reconfigured territorially and functionally along a series of spatial levels – subnational, national, supranational and trans-local' (MacLeod and Jones 1999, p.580). Jessop argues that at the international level the role of supranational state apparatuses or systems and international political regimes is expanding. Examples of such bodies include the European Union and NATO. While Jessop admits that the growth of such bodies is not new in itself, he argues what is significant is the sheer increase in their number, the growth in their territorial scope and their acquisition of

important new functions. The second aspect of Jessop's hollowing-out theory concerns the fact that in tandem with the rise of these international state apparatuses comes a stronger role for regional and local states. However, as Jessop (1997, p.272) suggests, 'this shift in functions of the state 'downwards' is none the less linked in turn with the reorganisation of the local state as new forms of local partnerships emerge to guide and promote the development of local resources (see Jessop's de-statisation concept).' It is here that Jessop hints that we can talk of a shift from local government to local governance. Thus, local trade unions, chambers of commerce, venture capital, education bodies, the private sector, research centres and states may enter into arrangements to regenerate the local economy. Moreover, Jessop suggests that this trend is also reinforced by the central state's inability to tackle the specific problems of particular localities. It therefore devolves such tasks to local states and provides the latter with general support and resources. A third, but less pronounced, trend that Jessop (1995) notes, is a move of power sideways between local states. As Dyson (1989, cited in Jessop 1995, p.273) argues:

"One of the most interesting political developments since the 1970s has been the erratic but gradual shift of ever more local authorities from an identification of their role in purely national terms, towards a new interest in trans-national relationships."

Jessop (1995) demonstrates how, in a European context, this involves local states having both vertical links with European Union institutions, especially the European Commission, and direct links among local and regional authorities in member states.

This 'relativisation of scale' (Jessop 1999) entails a partial loss of the *de jure* sovereignty of national states as certain decision making powers (for example, competition policy) are transferred upwards to supranational entities such as the European Union, and equally, as a considerable proportion of supply-side intervention is displaced to local and regional levels. However, as Gibbs (et al 2001) imply, while the local and regional scales may have gained an enhanced governance role, this has not meant a concomitant loss of power by the nation state. As Jones and MacLeod also argue (1999, p.580):

"Jessop's analysis does not imply a 'withering away' of the nation state's role as the key institutional site for condensing political struggle and maintaining social cohesion."

This process of the hollowing-out of state activity is only one part of other processes of restructuring – the *de-statisation* of the political system and the *internationalisation* of policy regimes also have key importance for local and regional governance. While the latter refers to the growing importance of international contexts of policy arenas for state actors to operate

within, the former refers to the shift from government to governance with a relative decline in the direct management and sponsorship of social and economic projects by the state (McLeod and Goodwin 1999, Painter and Goodwin 1995) and an analogous engagement of quasi-state and non-state actors in public-private partnerships – a process increasingly conducted via informal networks and on-the-ground institutional interdependence (ibid, 1999).

Gibbs (et al, 2001) argue that much UK research has emphasised the de-statisation aspect of Jessop's work, with a focus on a declining role for local authorities as a result of qualitative increases in the involvement of other actors. In this context, a number of authors have emphasised a shift from local government to local governance (Goodwin and Painter 1996; Cochrane 1993).

### *Key Features of the 'New' Local Governance*

Goodwin and Painter (1996) note that to speak of local governance rather than local government implies a shift in focus in both analytical and substantive forms. Analytically, as previously suggested, the concept of governance is broader than that of government. Local governance recognises that 'it is not just the formal agencies of elected local political institutions which exert influence over the pattern of life and economic make-up of local areas' (ibid, p.636). In fact, within the political processes that affect the fortunes of any local area are a wide range of actors. These may include institutions of elected local government (also central government), a range of non-elected organisations of the state (both central and local levels) as well as institutional and individual actors from outside the formal political arena, such as voluntary organisations, private businesses and corporations, the mass media and, increasingly, supranational institutions, such as the European Union (ibid, p.636). The concept of governance focuses attention on the relations between these various actors. As such, a substantive shift from government to governance implies not only that these other influences exist but also that the character and fortunes of local areas are increasingly affected by them (ibid, p.636).

From this discussion, it can be argued that within economic geography governance has been most commonly used to refer to a particular type of relationship between state and non-state organisations. Painter (2001) suggests, that in contrast to hierarchical forms of coordination that depend on top-down decision making and to market forms of coordination that work through individual contracts, governance involves coordination through network and partnership. According to Rhodes, governance involves 'self-organising, interorganisational networks' (1997, p.53). Rhodes argues that governance is growing in importance relative to conventional government and identifies four key features of this shift:



- i. Interdependence between organisations. Governance is broader than government, covering non-state actors. Changing the boundaries of the state meant the boundaries between public, private and voluntary sectors become more shifting and opaque.
- ii. Continuing interactions between network members, caused by the need to exchange resources and negotiate shared purposes.
- iii. Game-like interactions, rooted in trust and regulated by rules of the game, negotiated and agreed by network participants.
- iv. A significant degree of autonomy from the state. Networks are not accountable to the state; they are self-organising. Although the state does not occupy a sovereign position, it can indirectly and imperfectly steer networks (Rhodes, 1997, p.53).

In fact much of the recent literature on governance by economic geographers has extensively focused on the relationship features between state and non-state actors within this overall development towards local governance from local government. For many, the process is indicative of the restructuring of the Fordist collectivised welfare state towards more flexible and privatised forms of welfare provision and support (Peck and Tickell 1995). In this context, as Imrie and Raco (1999) suggest, 'the collective institutions of local welfare provision, that is, local government, have seen a diminution of their fiscal and political powers' (p.47). In turn, the crisis in local government of how to govern in a context of welfare cuts and increasing demands for services has seen the emergence of apparently less bureaucratised yet 'fragmented local government' (ibid, p.47) with new institutional arrangements coming to bear upon the organization, development and delivery of local services. In particular, the rise of public-private partnerships, non-elected institutions and voluntary organisations in developing and delivering public policy is seen as being illustrative of a new reality in the governance of British cities (Cochrane 1993; Clarke and Newman 1997).

Imrie and Raco (op at, 1999) argue that there have been three broad contrasts deployed by some researchers that demonstrate the key differences between the new local governance and local government. The first of these key features would seem to be the attention given by authors to the increased amount of actors from the public, private and voluntary sectors, in the governance of local areas. As such, it is suggested that local authorities now appear to be one player amongst many, having become a 'strategic enabler' rather than a direct deliverer of policy (Gibbs et al 2001). In this context, Valler et al (2000) suggest that the recent expansion of interorganisational relations and 'enabling' activity seems *prima facie* to mark a more labyrinthine and fractured system (p.419). Cochrane (1993) also draws attention to the fact

that strategic enabling local authorities are one of many policy players, but not necessarily the most dominant. As such, underlying the enabling thesis, as Imrie and Raco point out (1999, p.47), is:

“the idea that local authorities should seek to widen their remit by simultaneously drawing in new types of service providers, particularly private sector operators, while developing responsive, user-sensitive policies and programmes.”

However, other authors, such as Leach (1996) have suggested that while the enabling thesis suggests that local government has shifted from the centre stage of policy-making and implementation, the evidence for this is somewhat equivocal. For example, authors such as Healey (1991) and Lawless (1994) have demonstrated the continuing importance of local authorities in developing local partnerships. As Lawless (1994, p.1328) argues, in the case of partnership formation in Sheffield, ‘Sheffield City Council remain the crucial agency for implementing change.’ Others point to the emergence of new roles and responsibilities in local government as an illustration of its continuing viability. Thus Valler (1996) notes how the 1989 Local Government Act has been critical in providing local authorities with the legal framework to pursue economic development strategies, something that was previously non-existent.

A second key feature of the new local governance, as identified by Imrie and Raco (1999), has been the networks between state and non-state actors and how these in turn relate to the changing nature of local democratic processes. Some researchers (Peck and Tickell 1995; 1996) categorise the institutions of local governance as non-locally accountable, given the transfer of many powers and policy functions to centrally directed and resourced non-elected governmental organisations, such as quangos and voluntary sector providers. Part of this alleged de-democratising process is, for example, the rise of business partnerships in local governance and the emergence of what Colenutt and Ellis (1993; p.20) characterise as a ‘corporate elite’ controlling billions of pounds of public money through membership of appointed quangos and committees. For Tickell and Peck (1996, p.596), the crucial dimension of the transition from local government to local governance combines an anti-democratic centralism with a strongly politicised form of privatism. Their work, which uses Manchester as an empirical reference point, focuses on the relation between business elites and the local state in the local economic development agenda, noting how local governance in Manchester has (p.607):

“...opened up the space for business elites to re-enter local politics...as a consequence of the replacement of electoral-democratic structures with those which confer political power on economic elites.”

Mayer (1995) also stresses that strategies developed to mobilise local potential for economic growth involve actors who operate outside of classical municipal politics. She argues that urban development policy now involves private actors as early as the planning stage and that those actors 'participating in the definition and implementation of economic development and technological modernisation programmes tend to be business associations, chamber of commerce, local companies and banks' (1995, p.321).

This leads us to Imrie and Raco's third key feature of local governance literature - the shift within the local state's policy substance towards more supply side economic development policy initiatives. As both Imrie and Raco note of the emphasis placed within much of the recent governance literature (1999, p.49):

“...economic policy objectives are seen as taking centre stage away from the traditional welfare and social distributive concerns of local government.”

Mayer (1995) also argues that a key trend in recent urban politics has been the increasing mobilisation of 'local politics in support of economic development and a concomitant subordination of social policies to economic and labour market policies' (p.317). This shift in policy fields has often been referred to as a shift towards the 'entrepreneurial city' (Hall and Hubbard 1996; Harvey 1989; Mayer 1995) in which economic 'boosterism' and development projects become the focus of local state policy initiatives, 'as local authorities seek to generate jobs, boost incomes and raise tax revenues' (Mayer 1995, p.317). As Cochrane (1994) notes, the aim of this approach is based on the central objective of employment and income generation as the main mechanism for providing social support and welfare for residents, and as Imrie and Raco (1999) highlight, 'ties in with the wider neo-liberal ideology of encouraging local 'bostraps' initiatives to reduce dependency on central (welfare-based) expenditure' (p.49). Mayer (1995) adds that this increased local economic intervention is expressed not only in a quantitative growth in local government spending on economic development, but more importantly, in qualitatively different approaches to economic intervention, which involve non-state actors becoming involved in the organisation of conditions for local economic development. For instance, Clarke and Newman (1992; 1997) note the evangelical tone of many economic development 'visions' and 'strategies' which are proliferating throughout local government with the help of a series of consultancy firms.

### ***Urban Governance and Non-State Actors***

As this review of the current UK based local governance literature has attempted to demonstrate, much attention has been drawn to the increased prevalence of non-state actors within the overall UK socio-political landscape and their relation to state-based institutions in

the process of local economic development. As Painter (2001) argues, the shift from government to governance is particularly evident at the local scale and it is certainly at the local level that this shift has received the most attention from economic geographers (Goodwin and Painter 1996; Jessop 1997; Peck and Tickell 1995). However, as authors such as Jessop argue, this does not imply that the state is unimportant at the local level. On the contrary, state agencies are frequently central to the mobilisation of partnerships and networks on which local governance depends (Painter 2001).

Heightened intensity of international competition, and even competition between localities and regions, means that local authorities commonly use whatever power may be available to them to influence the economic fortunes of their localities. Typical strategies include: attraction of inward investment using a variety of incentives; development assistance to local small and medium sized enterprises; infrastructure provision; land use planning and training and education (Painter 2001, p.372). Each of these strategies can involve the mobilisation of a range of actors in a locality, including public sector agencies, private firms and non-governmental organisations – in short, local governance. Thus, governance, as Jessop shows, is becoming less statist, with a growing involvement of a range of non-governmental organisations influencing the socio-economic development of localities.

## **2.9 CONCLUSION: RESEARCH THEMES AND QUESTIONS**

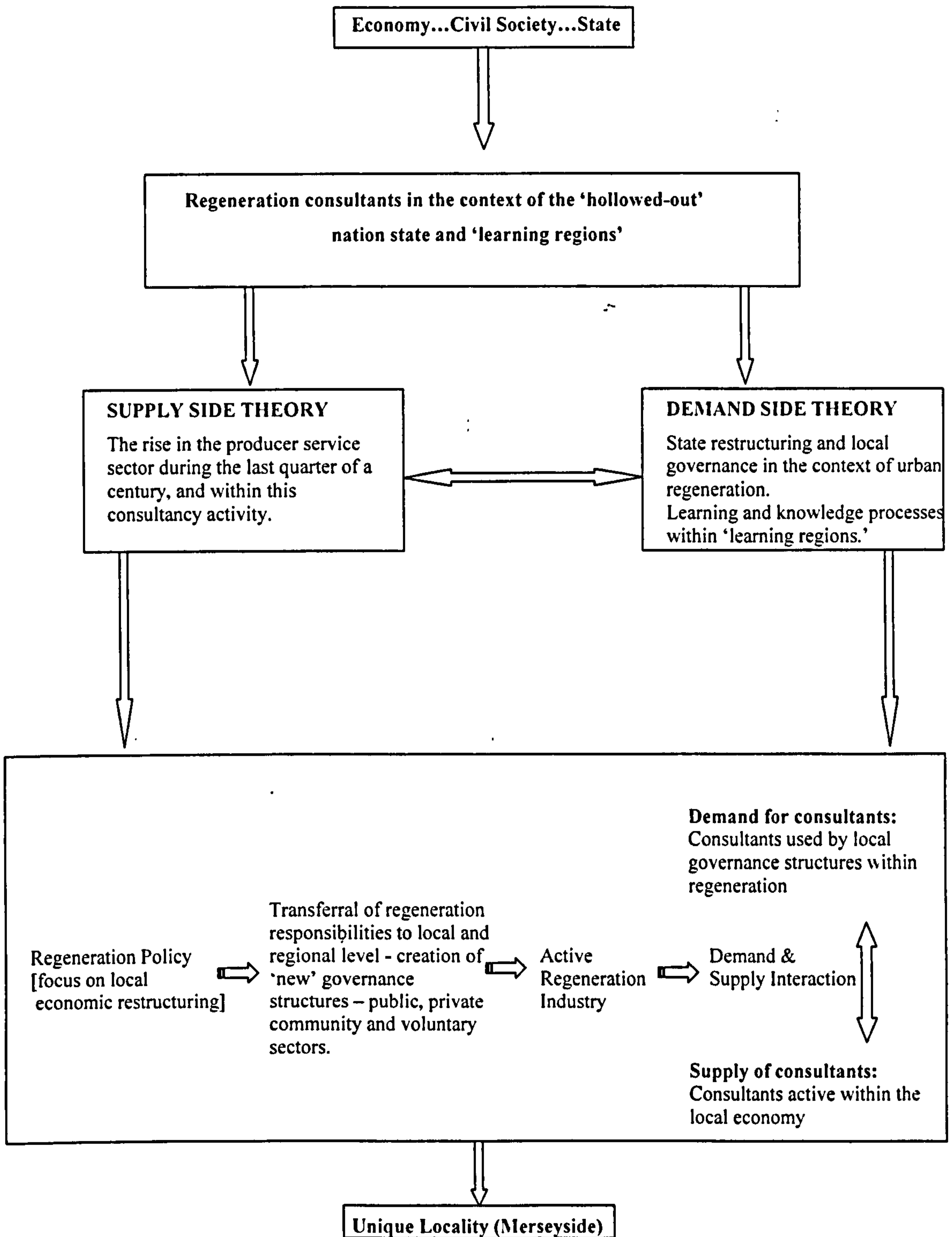
This chapter has attempted to demonstrate the complex supply and demand side factors that may account for the rise in a regeneration-based consultancy sector. The producer service literature highlights the rise of consultants and consultancy activity through its discussion on the role of advanced producer services in post-industrial society. However, the empirical work carried-out within this literature remains limited, focusing on either describing overall developments in the producer service sector or focusing too narrowly on one or two key services that have been easily identifiable within current mainstream statistical categorisations, most notably business service consultancies in the UK case. Although this literature does raise interesting issues regarding consultant-client relationships and the nature of service firm clustering, many other producer-service sector professions, such as consultants involved in urban regeneration, remain under researched.

Recent 'New Regionalist' literature sheds a great deal of light on the activities of consultants, with its interpretation of knowledge, learning, networking and institutional capacity in regional economic development. However, one of the shortcomings of this body of literature

is its over emphasis on the regional scale, and its failure to recognise wider political influences that may affect the regional development process (McLeod and Goodwin 1999). The literature on governance is important here in that it recognises and draws attention to the fact that, as Jessop argues, although the regional and local level have become important scales at which socio-economic development takes place, we must not lose sight of the fact that the national state still remains a key actor. For instance, in a UK context, the central state has heavily influenced governance structures through its active promotion of non-state actors within local and regional regeneration.

As the introduction to this chapter suggested, although more often than not consultants are not explicitly taken account of, there are strong undertones in this literature that implicitly highlight how consultants have become involved within local economic and social regeneration. Figure 2.7 suggests how the supply and demand side literatures can be combined to develop a theoretical understanding of the role of consultants in regeneration. On the supply-side, the producer services literature offers a theoretical framework for accounting for the presence of professional services, such as consultants, in contemporary developed economies. On the demand side, work on state restructuring and learning regions provides a theoretical basis for explaining the rise and use of consultants in regeneration. By combining the two theoretical approaches it is possible to identify consultants as key governance actors in urban regeneration.

**Figure 2.7: Developing a Theoretical Framework for Understanding the Role of Consultants in Regeneration**



The framework set out in Figure 2.7 will be used to explore the main research themes and questions that emerge from the literature review and that are summarised in Table 2.5 below. Chapter three will now turn to a discussion of the research design and methodology adopted to answering the research questions.

**Table 2.5: Research Themes and Questions**

Research Themes	Research Questions
<p>Understanding the social interaction processes between consultants and commissioning bodies</p>	<p>What are the social interaction processes between consultants and their clients?</p>
<p>Consultancies input in local regeneration and how this feeds into the wider political process of the hollowed-out nation state and governance structures</p>	<p>What is the nature of the knowledge interaction between consultants and their clients?</p>
<p>Understand how consultants contribute towards local knowledge and learning within the economy</p>	<p>Extent to which consultants contribute towards capacity-building amongst their clients?</p>
<p>Nature of the consultancy bodies actively working within Regeneration sector on Merseyside</p>	<p>To what extent can consultants be seen as forming part of the 'new' governance structures?</p>
<p>Discover whether the consultancy sector on Merseyside has grown or changed in recent years</p>	<p>Are consultants actively used by the local state for delivering regeneration based projects?</p>
	<p>Has the wider state restructuring process led to the use of consultants for regeneration purposes?</p>
	<p>Do local governance structures have the capacity to deal with Regeneration responsibilities placed upon them or are consultants used to provide assistance to these actors?</p>
	<p>Under what circumstances can consultants be seen as enablers or facilitators in the regeneration sector?</p>
	<p>Extent to which consultants are seen as knowledge carriers/transmitters?</p>
	<p>What is the spatial composition of this knowledge and at what level are consultants involved?</p>
	<p>How do consultants contribute to learning processes?</p>
	<p>Has the consultancy market grown or changed in recent years?</p>
	<p>Any evidence of clustering amongst regeneration consultancy firms around the Merseyside region?</p>
	<p>What forms of networking occur between consultants involved in regeneration?</p>

# CHAPTER THREE

## RESEARCH DESIGN AND METHODOLOGY

### 3.1 INTRODUCTION

#### *Research Methodology and Methods*

As Hall and Hall argue (1996, p.29): 'It is helpful to distinguish initially between methodology as the philosophy or general principles behind research, and methods as the practice of research in terms of strategies and techniques.' Therefore, the *methods* of research may include such process as getting people to fill in questionnaires, observing people/organisations/groups, engaging in conversations through interviews or examining documents. The *methodology* is the analysis of how the research should or does proceed. It includes discussions on how theories are generated and tested, what kind of logic is used, what criteria they have to satisfy, what theories may look like and how particular theoretical perspectives can be related to particular research problems.

In choosing the desired methods for a piece of research the researcher is 'consciously/unconsciously taking on board their methodological assumptions about the nature of the social world and the principles of social enquiry' (Hall and Hall 1996, p.29). Furthermore, in adopting a set of research methods it is important to take note of Pawson (1991; cited in Hall and Hall 1996, p.29) who argues that any philosophical discussion cannot be separated from the real world of research but consists of examining the reasons given for a research design or technique. In this sense, social research is concerned not just with a descriptive 'fact-gathering' exercise, but with understanding the social situation in which the researcher is involved.

Therefore, this chapter will proceed with a discussion of the methodological approach adopted for this research, which will lay the foundation for an analysis of the research methods that were used. What it is hoped will become evident from the discussion is that there has been a conscious effort to integrate the research methods with the methodology. Furthermore, there has been a conscious effort to encompass what Gilbert (1993, cited in Hall and Hall 1996, p.30) argues to be the three major ingredients in social research:

"The construction of theory, the collection of data, and no less important, the design of methods for gathering data. All of them have to be right if the research is to yield interesting results."



### 3.2 APPLYING CRITICAL REALISM

This thesis draws upon a philosophy of science known as critical realism, which seeks to discover the relational cause-and-effect of society and deliver ‘a coherent account of nature, society, human agency and philosophy’ (Bhaskar 1989, p.191). Moreover, the task of researchers within this tradition is to uncover the structures of social relations in order to understand why we then have the policies and practices that we do (May 1997). Critical realism is theoretically informed by the philosophy of realism, which has been built on a critique of positivism (Sayer 1985). While this tradition shares with positivism the aim of explanation, beyond that, the similarity ends. Realism argues that the ‘knowledge people have of their social world affects their behaviour and, unlike the propositions of positivism and empiricism, the social world does not simply ‘exist’ independently of this knowledge’ (May 1997, p.12). As such, the task of social research is not simply to collect observations on the social world, ‘but to explain these within theoretical frameworks which examine the underlying mechanisms which structure people’s actions and prevent their choices from reaching fruition’ (ibid, p.12). A commonly quoted definition of realism is that of Gregory’s (1986, cited in Cloke et al, p.132):

“Realism is a philosophy of science based on the use of ABSTRACTION to identify the (necessary) *causal powers* and liabilities of specific *structures* which are realised under specific (contingent) conditions.” (original emphasis).

Realist theory therefore enables us to ‘unpack’ rationally or abstract from the complexity of the real or ‘concrete’ world in order to establish relevant causal, as well as contingent, relations between objects. Sayer (1982, 1985, 1992) has made substantial contributions to the use of realist method in social science and economic geography and he has shown how empirical analysis is reliant on how the object of study is characterised. These decisions must “exclude the inessential but avoid dividing the indivisible” (Sayer 1982, p.69).

The realist approach separates the abstract from the concrete through establishing the necessary and contingent relations between objects. As Figure 3.1 illustrates, events in the concrete world are the result of the workings of abstract structures and processes mediated by meso-level mechanisms. A realist method ‘recognises the need to develop a research strategy in which concepts are interconnected with and inform empirical materials which in turn are informed by the theoretical categories’(Cloke et al 1991, p.132). Combining theoretical and empirical research therefore can be seen as a pre requisite when striving to put realism into practice. Sayer (1982, 1985, 1992) emphasises these two requirements by suggesting that we need

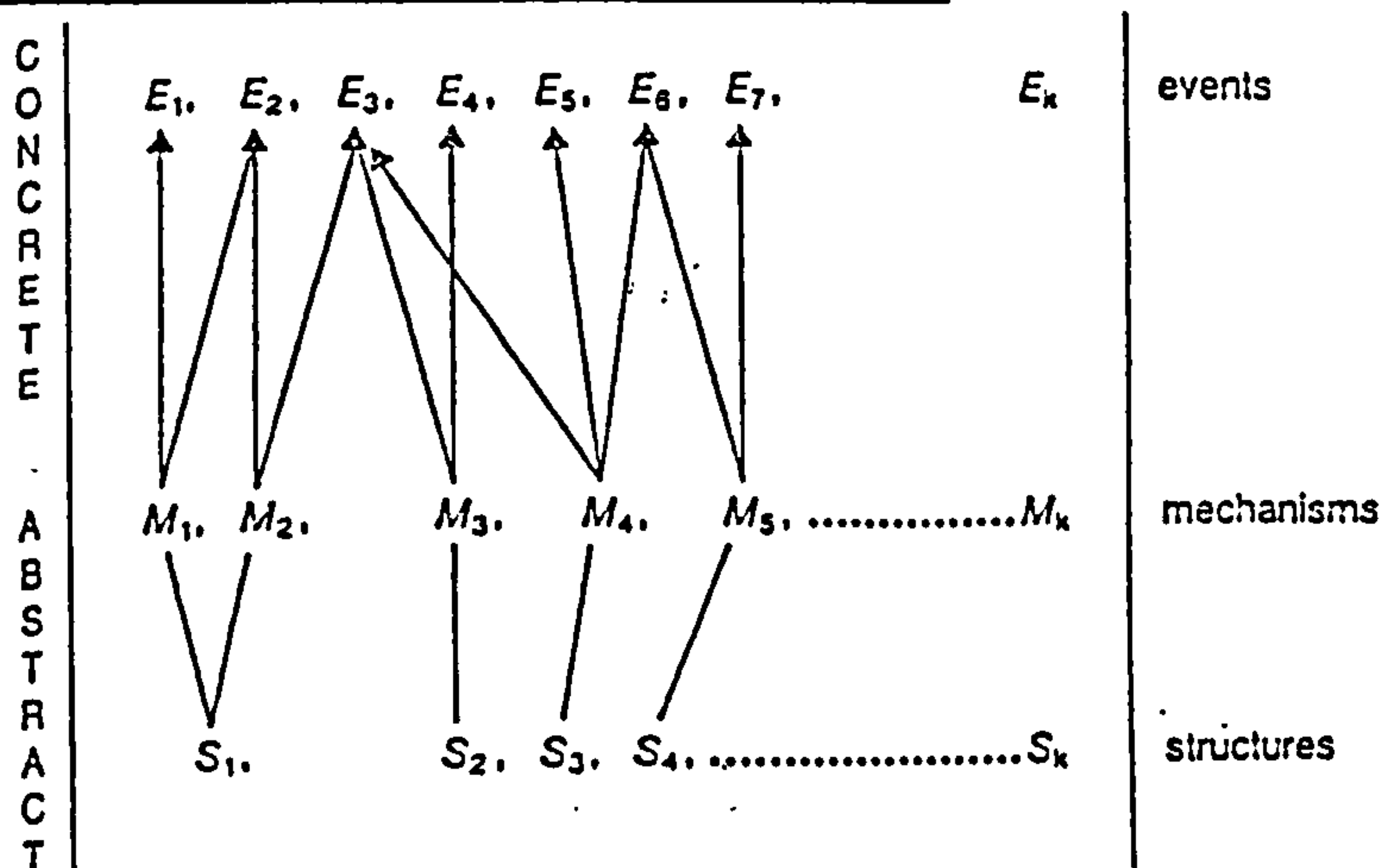
theoretical categories so as to 'get at' necessary relations and empirical study so as to 'get at' contingent relations. As Sayer (1992, p.143) states:

“Theories make their strongest claims at the abstract level about necessary or internal relations, and about causal powers, or in other words necessity in the world. Where relations between things are contingent, their form must always be an empirical question, that is one which must be answered by observing actual cases.”

In this sense, the use of abstract theory permits the analysis of objects 'in terms of their constitutive structures', as a part of wider structures, and in relation to their causal powers' (Cloke et al, 1991, p.148). The use of concrete research permits an examination of what happens when these combine. Therefore, a realist method can address the complex processes of change through revealing and understanding of the synthesis of abstract and concrete research and framework of necessary and contingent relations needed to develop causal explanations of change.

Realist method can also justify the use of a case study as a mode of analysis. Realist theory accepts that specific and actual concrete patterns and contingent relations are unlikely, or indeed intended to be, 'representative', 'average' or 'generalizable' (Sayer and Morgan 1985). Realist theory can therefore frame the bounds of the case study and defend it against claims of unrepresentativeness and particularly because each case study is the concrete product of mediated necessary and contingent relations.

**Figure 3.1: The Abstract and the Concrete**



Source: Saver 1992, p.117

Concrete research from a realist perspective must account for the complicated nature of the 'individual' (the individual event, phenomena, person, or whatever) (Cloke et al 1991, p.154). There are two major research design options for concrete research: **intensive** and **extensive**

(Cloke et al 1991, Sayer 1992, Sayer and Morgan 1985). The table below compares these two research designs:

**Table 3.1: Intensive and Extensive Research: A Comparative Summary.**

	Intensive Research	Extensive Research
Research question	How does a process work in a particular case or small number of cases? What produces a certain change? What did the agents actually do?	What are the regularities, common patterns, distinguishing features of a population? How widely are certain characteristics or processes distributed or represented?
Relations	Substantial relations of connection.	Formal relations of similarity.
Type of account produced	Causal explanation of the production of certain objects or events, though not necessarily a representative one.	Descriptive 'representative' generalisations, lacking in explanatory penetration.
Typical Methods	Study of individual agents in their causal contexts. Interactive interviews, ethnography. Qualitative analysis.	Large-scale survey of population or representative sample. Formal Questionnaires, standardised Interviews. Statistical analysis.
Are the results generalisable?	Actual concrete patterns and contingent relations are unlikely to be 'representative', 'average', or 'generalisable'. Necessary relations discovered will exist wherever their relata are present, e.g. causal powers of objects generalisable to other contexts as they are necessary features of these objects.	Although representative of a whole population, they are unlikely to be generalisable to other populations at different times and places. Problem of ecological fallacy in making inferences about individuals.
Disadvantages	Problem of representativeness.	Lack of explanatory power. Ecological fallacy in making inferences about individuals.

Source: Sayer and Morgan; cited in Massey and Meegan 1985, p.151

Fundamentally, in order to reach their objectives the two designs ask different questions, use different techniques and methods and define their objects and boundaries differently (Table 3.1). Where these two types of research stand in terms of realist theoretical conceptions of the abstract and the concrete is illustrated in Figure 3.2. Based on Sayer and Morgan's (1985) analysis, there are several key differences between intensive and extensive research that need to be examined. For example:

- While the primary focus of intensive research concerns how some causal process work out in a particular case or limited number of cases, extensive research aims to uncover common properties and general patterns in a population as a whole.
- Extensive research methods are concerned with large-scale and formal questionnaires or interview surveys of a representative sample of the population, while on the other hand,

intensive research methods use less formal, less standardised and more interactive and mainly qualitative forms of analysis.

- The types of groups used by both forms of research design will also vary. For instance, extensive research concentrates on a taxonomic of groups i.e. those groups whose members share similar attributes but which need not actually connect or interact with each other. Alternatively, with intensive research, the focus is mainly upon groups whose members may be either similar or different but which actually relate to one another causally.
- While intensive research is primarily of an explanatory nature, extensive research methods' focus is more descriptive and synoptic.

As Sayer and Morgan (1985, p.167) emphasise: 'Discovering the extent of a problem or process is different from explaining its origins. We must decide which we want to know and design the research accordingly.' The aim of the research is to focus on **explaining** the role of consultancies within local economic and social regeneration, rather than a comprehensive and wide analysis which looks for asking **what** are the regularities, common patterns or distinguishing features of consultancy firms. In light of this, the research design adopted for this research was of an intensive nature. Furthermore, a key aim of the research was to identify the causal processes that have led to the rise of consultancy firms within social and economic regeneration, rather than identifying more generalizable and formal quantitative regularities concerning consultancy firms. As Sayer and Morgan point out (1985, p.152), 'intensive research does not tell us how widespread or 'representative' are the results produced by the particular process on which it is focused, though that is not its purpose.' They go on to suggest that in so far as intensive research identifies necessary relations or properties of objects, then one can say wherever those objects exist then so will those relations or properties. Therefore, in my study, I do not expect the description of concrete events in consultancy firms activity within social and economic regeneration on Merseyside to be generalizable, though I do expect the mechanisms and structures generating these events to be found elsewhere. As Sayer and Morgan state of intensive research, (1985, p.154):

"Actual concrete processes/events are produced through a combination of necessary and contingent relations and so the research findings describing these are unlikely to be generalizable to other contexts."

In choosing intensive research design for the purpose of this research project, the most appropriate research methods are of a qualitative nature for a number of reasons (following Bouma and Atkinson 1995, p.207):

- Qualitative research requires a fairly close relationship and requires the researcher to empathise with the people being studied i.e. see the world through their eyes (without necessary justifying) and gaining and appreciation of what they do. For example, as part of my research project I was based within a consultancy firm. This allowed me to develop a deeper appreciation and insight of the consultancy world by being on the ‘inside looking out’ rather than ‘being on the outside looking inwards’.
- There is a longitudinal element to many qualitative research projects. People and organisations are studied over a period of time (follow events before, during and after they have taken place.) Here the emphasis is on the process of how things develop and change. Furthermore, qualitative researchers also provide detailed descriptions of the settings they investigate. So questions such as “What is it like?” and “What is going on?” are asked and investigated. The three years of my research project, during which I spent a significant amount of time with the consultancy firm, allowed me to investigate such questions and to follow events as they evolved.
- Qualitative research is relatively unstructured. In this sense, the research is relatively open. It rejects the formulation of theories until after the investigation has began as opposed to the formulation of hypotheses prior to an investigation as in quantitative research. Therefore, during my research, investigation and testing of theories went on concurrently.

It becomes evident therefore that qualitative research offers a deeper, more intuitive and subjective approach than a quantitative approach. Qualitative data essentially deals with descriptions of people’s representations of what is occurring in their world in order to understand and interpret how events and actions are generated (Dey 1993; Eyles 1988; Strauss 1987). As Robson claims, ‘qualitative data deals with meanings and distinctions and they reside in social practice’ (1998, p.410). Such an approach contrasts with quantitative methods which concentrate more upon statistical techniques and theorems employed to test hypotheses using empirical data or to undertake pure mathematical modelling from a set of initial abstract assumptions. As Dey (1993, p.3) suggests:

“Qualitative data deals with meanings, whereas quantitative data deals with numbers.”



gaining first hand knowledge and insights towards my research question. As Colin Robson notes of interviews (1993, p.229):

“...flexible and adaptable way of finding things out...asking people directly about what is going on is an obvious short cut in seeking answers to our research questions.”

The advantages of such a qualitative approach include its ability to raise issues that myself, as an interviewer and researcher, may not have anticipated previously. The sensitivity and conversational style of such a semi-structured interview approach thus allows interviewees to construct their own accounts of their experiences as either consultants or those having employed consultants to produce work for them. Using this method, rather than a more structured question and answer interview or questionnaire survey, allows the researcher to gain information that would otherwise be difficult to access. As Valentine (1997) points out, the material generated by interviews is ‘rich, detailed and multi-layered, producing a deeper picture than a questionnaire survey’ (1997, p.111). For example, questioning several different actors and individuals who have encountered consultancies allowed for a more comprehensive and detailed analysis, thus allowing myself to identify any similarities, consistencies or even differences in peoples experiences and perceptions of consultancy firms. Such a process of elaboration and saturation of the available data, facilitates in the grounding of the information within a theoretical framework and adds to the credibility and validity of the research findings.

### *Interview Techniques*

With the semi-structured interview, as the researcher I had worked out a set of questions in advance of the interview (see Appendix C). However, these questions were varied and were modified based on their appropriateness towards the persons being interviewed and also in the context of the interview conversation. The advantage of semi-structured interviews is that they allow the interviewer to influence the sequencing of questions in addition to the amount of time and attention given to particular topics. As Colin Robson comments (1993,p.237):

“Interviewers have their shopping list of topics and want to get responses to them, but as a matter of tactics they have greater freedom in the sequencing of questions, in their exact wording, and in the amount of time and attention given to different topics”

In order to enhance the validity and credibility of the information I received I tape recorded the interviews (which were also transcribed) and I also kept a research diary in order to note my views and feelings regarding particular interviews and what was discussed within them. A research diary is a very important part of a researcher’s methodological artillery. It can be useful, especially during the immediate aftermath of an interview (while thoughts and ideas are

fresh in the mind), or as part of my participant observation, for the recording of events, meetings, visits and any other activities covered during the duration of the fieldwork.

### *Follow Up Interviews*

During the third year of the research the field work was completed by undertaking any required revisits with interview respondents. The main aim here was to check that no misinterpretations had occurred during earlier interviews. However, these follow-up interviews were also used to cover new ground and to ensure that the comprehensive coverage of information had been achieved and no new themes emerged.

### *Positionality and Ethical Issues*

In the process of identifying respondents, it was very important for me to reflect on myself and how my identity would shape and effect the interactions I would encounter. After all, the way that I would be perceived by a particular interviewee and the power relation between us, was surely going to have an 'impact on the way the interview texts are constructed'(Baxter and Eyles 1997,p.508). Any similarities or differences between myself and those recruited to interview would either facilitate or stifle the interactions that occurred. Three major points regarding the research and my positionality with potential interviewees stood out:

- i) The majority of those interviewed were professional people i.e. local government officials or consultancy firm representatives. Therefore, it was important to realise that I would require to adopt an appropriate professional stance in the interviews, including demonstrating adequate knowledge of what was being talked about and been well informed about the individual/agency before the interview. A number of respondents also included community sector organisations representatives – groups in which consultants have been actively involved with as clients. Once again, a great deal of sensitivity and reflection upon myself as the researcher was needed here. As Bell (1999, p.37) states: 'No researcher can demand access to an institution, an organisation or to materials. People will be doing you a favour if they agree to help, and they will need to know exactly what they will be asked to do.' In this sense, there was a need for me to be open with possible client group recruits in relation to my reasons for doing the research and why their input was vital for a rounded and balanced piece of research.
- ii) As a great deal of these people are used to being interviewed many of them may have endeavoured to maintain their control over the interview and what was being said. In view of this, as the researcher, my aim was to limit this effect and try to ensure that I received the responses to the questions that I had. In order to accomplish this, it seemed appropriate to adopt an interview technique that combined specific questions with general ones 'to ensure



that the discussion of important topics has not been foreclosed' (Schoenberger 1991, p.187) and at the same time allowing space for the respondent to suggest topics.

iii) Being a collaborative research project and based at both the University and with a local consultancy firm, gaining access to key informants and negating certain gatekeepers was made easier i.e. through the consultancy firm I was able to gain access to their past clients and local government bodies, as well as other consultants. However, by negotiating through the CASE studentship firm there was a risk that I would be seen by some as been a representative of the company. This certainly meant adopting a professional stance and ensuring that I maintained the company's integrity and good name.

### *Recruitment and Sample of Respondents*

Patton (1990) notes two main strategies for recruiting respondents (cited in Baxter and Eyles 1997 p.513). The first of these is random sampling which is a form of statistical representation and more attuned to quantitative rather than qualitative research. The second strategy involves purposeful sampling, which is the method adopted for this research project and is the most commonly used in qualitative research. It stresses the search for 'information-rich' cases. The sampling is determined by the need to gain as many purposeful and informative experiences as possible 'in the development of a conceptual framework/theory'.

The sample size of the recruitment in my research project depended a great deal on the information gathered from respondents. Although I attempted to select a focused amount of interviewees in the first instance, this was obviously adjusted during the research process as the theory and information received progressed and developed. This recruitment was continued until saturation/redundancy and no new themes or constructs emerged.

### *Making Contacts*

The first port of call for interviews was with consultancy firms engaged in regeneration activities. This was made easier for me due to the close relationship between myself and the consultancy firm involved in the CASE studentship. From this information rich source I was able to gain information and make contacts with other consultancy firms, identified clients of consultants and other key informants involved in urban on Merseyside. This sample of recruits, included:

- i) consultancy firms identified as being engaged in regeneration activities.
- ii) identified client types: central and local government commissioning departments, Housing Associations, voluntary and community sector organizations and regeneration agencies.

iii) 'key informants' in identified project types (e.g. capacity building projects, feasibility studies, project evaluation exercises.)

The informants were contacted by letter, addressed to a named person, setting out the aims of the research and informing the respondent that I would be in contact by telephone (see Appendix D). A brief abstract of the topic of the thesis (see Appendix E) was also included. The respondents for this fieldwork were of two main types, although there were sub-categories within these two broad bands. The first set of interviews were held with consultants who had been involved in economic and social regeneration on Merseyside (see Table 3.2). These respondents included three different sets of consultants: the first were large national/international consultancy firms who had delivered work in Merseyside or who had offices in the region; the second included small/locally based consultants and the third category were consultants from the academic/public sector. A second phase of interviews were held with commissioning bodies identified as having work carried-out for them by consultants. In keeping with the case study area, these were all from Merseyside. These commissioning bodies spanned across several sectors, including local authority departments, local community partnerships, the voluntary sector and housing associations.

**Table 3.2: Consultants and Commissioning Bodies Questioned**

Respondents Identified	Number Interviewed	Types of Respondent	How Selected
Academic Commentators	4	Commentators within or Doing work relevant to the research area.	Respondents identified through research.
Consultants	30	University department consultants; Private sector consultants who have worked on Merseyside, including: large national, and international firms, smaller local firms and freelance operators. Respondents included a mixture of directors, partners, senior researchers and junior consultants.	Consultants identified through discussions with the CASE studentship firm's partners. Information from company web-sites and yellow pages.
Commissioning Bodies	31	Managers/Directors, chair people, co-ordinators and senior research staff of local authority regeneration departments, regional public sector bodies, housing associations, voluntary organisations and local regeneration partnerships.	Initial identification through documentary analysis of past commissions of the CASE studentship firm. Further identification after first round interviews with consultants.

### *Carrying-Out Interviews*

The majority of interview fieldwork was carried out between January 2000 and December 2001. Some re-interviews were also carried out during 2002. Each interview was conducted using an interview transcript that included key points/questions to be covered. Although, as was mentioned earlier, the sequencing of these questions and time spent on them, was altered depending on their appropriateness to those being interviewed. Respondents were informed that there would be no direct attribution of any of their remarks by name. The majority of the interviews were tape recorded (as well as a brief written record made) which enabled me to concentrate on the interview without the pressure of writing down the interviewee's every word. These interviews were then transcribed in as full a detail as possible. A **research diary** was also kept about the context of the interviews, how the interview had gone, whether the respondent could be of any assistance in the future, and any potential ideas or inspirations which stemmed from the interview and which could be used in latter interviews or ways of analysing material.

### *Participant Observation*

Nachmias and Nachmias (1992) note two different types of participant observation:

- i) **Complete Participant:** The observer is wholly concealed and 'the research objectives are unknown to the observed as the researcher attempts to become a member of the group under observation'(1992,p.273) This form of participant observation has been used to study inaccessible groups who are unwilling to reveal aspects of their lives. However, as Nachmias and Nachmias (1992) note, complete participation has been criticised on methodological and ethical grounds. Ethical criticisms suggest that complete participation may be an invasion of privacy and may harm the observed, while more methodological critiques claim that complete participation may result in the researcher's inability to evoke responses and ask questions and also the researcher's inability to make on the spot recordings and notes of observations.
- ii) **Participant-as-Observer:** In view of these weaknesses, Nachmias and Nachmias note (p.275):

“...contemporary fieldworkers most often assume the participant-as-observer role.”

In this instance the researcher's identity and role is known to the group under observation. Researchers make long-term commitments to becoming active members of the group which serve as both informants and respondents. The advantage is that the researcher develops a deeper appreciation and understanding of the activities and way of life of the researched as well 'as different insights by participating rather than just observing' (Nachmias and Nachmias p.275). This directness contrasts with, and can be seen as a useful compliment, for information obtained by virtually any other technique. As Robson (1993, p.191) states: 'Observation seems to be pre-eminently the appropriate technique for getting at 'real life' in the 'real world'.' Furthermore, participating while observing permits a lack of artificiality, which can occur with other research techniques. Therefore, through participant-observation, the necessary basis of reliability and validity can be achieved.

Been a collaborative research project, I gained privileged access to the consultancy firm in which the participant-observation would take place. However, as Robson (1993, p.197) points out, 'the special case of observing a group of which you are already a member carries obvious advantages and disadvantages.' Robson (1993) stresses that although your knowledge of a group's ways may well be extensive there is the corresponding problem of achieving objectivity if you are already a native. Therefore, a critical point for me, was to not only be able to participate in the consultancy firm's activities, but also, when it was required, been able to step back and be objective in my findings and research work. A distinct advantage of already been part of the group being studied, as Robson (1993, p.197) notes, is that 'existing relationships with individuals can short-circuit a lengthy process of development of trust' and will therefore facilitate the research process.

Participant observation played a fundamental part in my research. It involved an ongoing process throughout the length of my research, as I spent time within the local consultancy firm and investigated the consultancy activities of the company. The aim here was to gain an in-depth analysis and appreciation of the firm. By entering into the 'consultants' world' it was possible to experience first hand the situations and tasks they met, along with their interpretations and behaviour towards particular predicaments and problems. The aim of the participant observation was to observe the following:

- i) the preparation of research tenders and presentations by the consultancy to prospective clients.
- ii) team meetings on objectives.
- iii) research methodologies.
- iv) field research and the preparation and dissemination of final reports by the consultancy firm.

This participant observation included working with the CASE studentship firm on a number of projects over the three years of the research project. As such, I had hands-on experience of the bidding process, questionnaire set-up and design for the field research, carried out interviews and completed write-ups for these and also attended team meetings on progress. A research diary, based on this work, recording key events and observations, was kept.

### *Issues of Involvement and Detachment*

As Eyles (1988) notes, the participant observer must be both inside and outside the group, institution or community under investigation. As a result, the researcher, while being immersed in the daily routine and activities of the researched, must also be able to take a step back and be a 'critical commentator able to see a complete pattern/process with daily or routine interactions and events' (Eyles, 1988,p.9). As Powdermaker (1966, cited in Eyles 1988) noted, this relation between involvement and detachment is a crucial factor in the nature of the research that is produced by the participant observer. A researcher's total immersion within a group/institution being studied may lead to the research actually ceasing, i.e. it is no longer participant observation, and thus can no longer be viewed as carrying out research and raises doubts over the reported findings. However, as Eyles (1988, p.9) reports:

“...participant observation can bring a neighbourhood studied to life.... provides an insiders account with an outsiders detachment.”

Therefore, my piece of research aimed to create a realistic and observed account of the role played by consultancy firms. It also endeavoured to not only be representative of the researched, but also, at the same time, be detached enough to raise critical findings and observations, grounded in a theoretical reasoning.

### *Ethical Considerations*

First and foremost the researcher has 'an obligation to respect the rights, needs, values and desires of the informants' (Creswell 1994, p.165). For instance, participant observation invades the life of the informant and sensitive information can be revealed. This is of particular concern to this study where the institution (the CASE studentship consultancy firm in this case) is highly visible. To ensure that the informant's rights were protected the following safeguards were employed:

- i. the research objectives were articulated verbally and in writing so that the informants clearly understood the aims and objectives of the project.

- ii. The CASE studentship's firm was regularly informed of all the data collection devices and activities.
- iii. The CASE studentship firm's rights, interests and wishes were considered first when choices were made regarding reporting the data.
- iv. Any interview transcripts and written interpretations and reports (concerning the CASE studentship firm) were made available to them.

### *Documents/Textual Analysis*

As Mason claims (1996, p.71): 'The analysis of documentary sources is a major method of social research, and one which many qualitative researcher's see as meaningful and appropriate in the context of their research strategy.' Documentary analysis has been used as a major research tool by many of the classical sociologists: 'Marx made extensive use of the reports of factory inspectors, Weber utilised religious tracts and pamphlets and Durkheim employed official statistics on suicide' (Scott, 1994, p.1).

Documents are texts or narratives that we are able to read and which 'relate to some aspect of the social world' (Macdonald and Tipton 1993, p.188). In view of this, documents include those narratives that are intended to record the social world. For example, official reports (company reports), publications, diaries or letters, etc.

In a book that critically examines this method, Scott (1990, p.19) argues that the key to documentary techniques is to apply 'the quality control criteria of authenticity, credibility, representativeness and meaning.' According to Scott, all four of these criteria must be met to ensure the quality and sound foundation of the research, regardless of the type of evidence. Therefore, based on Scott's analysis, it was important for this research to consider these four factors:

- i. Authenticity: Is the evidence that is used genuine and of an unquestionable origin? As Scott notes 'unless the researcher is able to come to a conclusion about the authenticity of the evidence, there is no possibility of an informed judgement about the quality of the data eventually constructed' (1990, p.7). For instance, when performing interviews it is important to be sure of the identity of the interviewee before undertaking the interview and the participant observer 'must know that he/she is in the right locale for the observations to be undertaken.' (Scott, 1990, p.7).
- ii. Credibility: Questions to ask at this point include the following: Is the evidence undistorted and sincere, free from error and evasion? Are the people who record the information reliable in their translations of the information that they receive? How

accurate were their observations and records? (May 1997) After all, interviewers must be sure that their interviewees are taking the interview seriously and are therefore 'saying things which can be regarded as prima facie credible' (Scott 1990, p.7). If the interviewee is lying, or 'regards the interview as a humorous diversion, the responses must be handled differently from those acquired in a serious and sincere interview' (1990, p.7).

- iii. Representativeness: This refers to the general problem of assessing the typicality, or otherwise, of evidence. However, as Scott notes, 'it should not be assumed that the researcher always requires 'typical' evidence' (1990, p.7). However, if it is not, is the extent of its untypicality known?
- iv. Meaning: This refers to the clarity and comprehensibility of a document to the analyst. Two questions are of concern here: What is the evidence and what will it tell the researcher? (Scott 1990, p.8). For instance, a participant observer may be certain that he/she is in the right place, but must be sure he/she is not being faced with staged events and is not observing unusual events, 'but may still be unclear as to what those events are and how they are to be described.' (Scott, 1990, p.8).

During the first year of the research an in-depth analysis was undertaken of company reports and consultancy projects that the CASE studentship firm had delivered within its five-year history. The aim of the documentary analysis was to construct a list of the different job profiles, clients, reports and project sizes that had been carried out by the firm (see Appendix F) over a five-year period between 1995-2000. It provides us with a comprehensive picture of the work undertaken by a small/locally based consultancy firm based in Merseyside.

This analysis, which took place during the first year of the research, enabled me to gain valuable, insights into the activities of a typical consultancy firm offering contracted-out technical assistance in the area of urban regeneration. For the purpose of this research documentary analysis may be seen as 'a valuable method for understanding and explaining social relations'(May 1997, p.169). Along with the use of interviews and participant observation, documentary analysis was a vital research component in uncovering the role which consultancy firms play within urban regeneration. As Macdonald and Tipton claim (1993, p.188):

"Documentary research remains an important research tool in its own right as well as being an invaluable part of most schemes of triangulation."

### *Secondary Sources*

As Clark comments: 'secondary data means information which has already been collected by someone else and which is available for you, the researcher, to inspect' (1997, p.57).

The research began with a literature search of the theoretical debates and empirical work that surrounded consultants and local urban regeneration (see chapter two). As there was limited academic literature that specifically looked at the role of consultants, the literature review was complimented with a search of secondary material specifically looking at contemporary urban regeneration and the activities of consultants (see Table 3.3):

**Table 3.3: Secondary Sources Accessed for the Research**

Type	Examples
Academic literature	Theoretical and empirical journal articles, reports and books.
European publications	Programme documents, draft reports, strategy documents.
National government publications	Departmental reports and summary papers; Policy documents.
Regeneration journals and specialist material.	Regeneration and Renewal Magazine; Planning magazine; New Start Magazine; Community Development Foundation publications.
Statistical Sources	DTI, Standard Industrial Classification.

### **3.4 DEVELOPING A GROUNDED THEORY**

By using these methods of semi-structured interviews, participant observation, documentary analysis and secondary sources the aim was to draw on as much empirical data as possible regarding explaining the role of consultants in urban regeneration. However, as Strauss (1987) suggests, this form of empirical data is not sufficient in and by itself. For a deeper knowledge of social phenomena ‘theory at various levels of generality is indispensable’ (1987, p.6.) As such, throughout the research process, data should be developed in an intimate relationship with theory (i.e. it should be grounded in theory) and their should be continuous movement, backwards and forwards, between the two as the researcher continuously integrates his/her findings. Thus, while the research findings fuel the development of a theory, the theory helps to stabilise and ‘ground’ the data within a solid framework which, through processes of continuous coding and re-coding of evidence, results in a far more coherent and credible research project.

Developed by Glaser and Strauss (1965, 1968) this form of grounded theory analysis provides ‘a systematic set of procedures to develop an inductively derived grounded theory



about a phenomenon' (Strauss and Corbin 1990, p.4). Investigators concerned with building theory believe that 'the development of theoretically informed interpretations is the most powerful way to bring reality to light' (Blumer 1969; Glaser 1978; cited in Strauss and Corbin 1990, p.21). As Strauss and Corbin comment (1990, p.21):

"Building theory, by its very nature, implies interpreting data, for the data must be conceptualised and the concepts related to form a theoretical rendition of reality."

Therefore, data collection, analysis and theory stand in reciprocal relationship with each other. As such, one does not begin with a theory, then prove it. Rather, one begins with an area of study and what is relevant to that area is allowed to emerge (Strauss and Corbin 1990). In this respect, the grounded theory approach is different to quantitative research (and some forms of qualitative research) which begin with an hypothesis or a number of preconceived research questions which the research will then test to either prove or disprove these suppositions. Grounded theory is informed by data analysis but it is not simply providing data to prove a theory, rather the [re]construction of the myriad of concepts and ideas that emanate from intensive data analysis. Once core themes are identified, further research and questions are generated which can be explored to intensify original conceptualisation and theory or to prove their fallibility. As such, 'categories emerge from informants, rather than are identified *a priori* by the researcher' (Creswell 1994, p.7). This emergence provides 'rich "context-bound" information leading to patterns or theories that help explain a phenomenon' (Creswell 1994, p.7).

This research was presented with the very broad question of explaining 'what is the role of consultants in urban regeneration?' and this generated a number of other questions relating to the activities of consultancies and contracted-out technical assistance within local level socio-economic structures. The research questions and themes that emerged have already been outlined at the end of chapter two and were identified during pre-fieldwork but developed over the course of the fieldwork by utilising a 'grounded theory' approach. Table 3.4 shows how the research themes and the questions asked in the interviews relate to each other.

8

**Table 3.4: Interrelationship of Research Themes and Interview Questions**

Research Themes	Research Interview Questions
<p>Understanding the social interaction processes between consultants and commissioning bodies.</p>	<p>How are consultants selected by local commissioning bodies?</p> <p>What is the process by which work is tendered out by commissioning bodies?</p> <p>How is value for money ensured from the project consultants deliver?</p> <p>How is the information received from consultants consolidated and used by commissioning bodies?</p> <p>Does the use of consultants develop or undermine partnership networks?</p> <p>Do commissioning bodies use the same consultants time and again?</p>
<p>Consultancies input in local regeneration and how this feeds into the wider political process of the 'hollowed-out' nation state and governance structures.</p> <p>Understand how consultants contribute towards local knowledge and learning within the economy.</p>	<p>Who have been the main consultants used by commissioning bodies?</p> <p>How are the services offered by consultancy firms used by commissioning bodies?</p> <p>On what type of projects are consultancy firm services used?</p> <ul style="list-style-type: none"> <li>- Is it for staff replacement?</li> <li>- Is it for policy review and evaluation?</li> <li>- Is it for partnership and network development?</li> <li>- Is it for ensuring legitimacy in community consultation?</li> <li>- Is it for training?</li> <li>- Is it for capacity building?</li> </ul> <p>What is the professional background and career path of consultants?</p>
<p>Nature of the consultancy bodies actively working within the regeneration sector on Merseyside.</p> <p>Discover whether the consultancy sector on Merseyside has grown or changed in recent years.</p>	<p>Have their been changes in the consultancy sector in relation to those predominantly involved in local economic and social regeneration?</p> <p>Have more freelance or local consultants entered the consultancy market?</p> <p>Has the nature of consultancy projects changed over time?</p> <p>How have these changes impacted consultancy firms and the individuals within them?</p> <p>Who have been the main consultants that commissioning bodies have dealt with and used?</p> <p>Has the way commissioning bodies use consultants changed at all in recent years?</p> <p>Have their been any significant changes/patters in the type of work that commissioning bodies contract-out?</p>

The most important procedure used in grounded theory research is to organise data into a set of themes or codes. This form of data exploration involves three forms of coding: open, axial and selective. The first step, which is open coding, is the basic analytical tool and involves intensive analysis of the data in order to label similar events and incidents and to group them to form categories. Axial coding requires the researcher to think about the different dimensions of these categories and to find links between them. As such, this form of coding requires inductive and deductive reasoning in relating sub-categories to a specific category. Eventually, categories are refined so that a theoretical framework emerges, 'selective coding', which draws out an analytical and theoretical 'storyline.' (Glaser 1978; Robson 1993; Strauss and Corbin 1990; Travers 2001).

In relation to this thesis, the broad starting point involved identifying and 'mapping' the numbers and types of firms involved economic and social regeneration on Merseyside, as well as the nature of work that they carry-out (see Appendix G). This identification then helped to structure questions to be used in semi-structured interviews and each interview, in turn, generated a number of other ideas and questions and greater awareness of the key research themes (see Table 3.4). Out of these consultant interviews also came examples of the types of organisations that would commission work to consultants. This identification, therefore, also helped to develop a further set of questions that would be used with commissioning bodies. This second round of interviews allowed me to explore other avenues and questions, which would ultimately create a more rounded 'theoretical story' and would more fully address the key research themes. This approach, it is argued, enabled the research to gain analytical strength, to develop or dismiss earlier concepts and to provide a more grounded approach to the research and its findings.

By simultaneously combining data analysis with data collection, data interpretation and narrative report writing it was possible for the research to identify similar events, issues and topics that were raised from the semi-structured interviews, and ground them within theoretical categories. As Creswell comments (1994, p.153):

“In qualitative analysis several simultaneous activities engage the attention of the researcher: collecting information from the field, sorting the information into categories, formatting the information into a story or picture and actually writing the qualitative text.”

In this respect, the research findings constitute a theoretical formulation of the reality under investigation, 'rather than consisting of a set of numbers, or a group of loosely related themes', as in a quantitative analysis (Strauss and Corbin 1990, p.24). Therefore the purpose of following this grounded theory method is to build theory that is faithful to and

illuminates the concepts related, to form a theoretical rendition of reality. In attempting to do this, this research project has followed a grounded theory approach which will meet the four central criteria, set out by Glaser and Strauss (Glaser and Strauss, 1967; Glaser 1978), for judging the applicability of theory to a phenomenon (based on Strauss and Corbin 1994, p.23). The first of these is *fit* which means that if the theory is faithful to the everyday reality of the substantive area and carefully induced from diverse data, then it should fit that substantive area. The second criteria set out by Glaser and Strauss is *understanding*. This refers to the fact that as the research represents that reality, it should also be comprehensible and make sense both to the persons who were studied and to those practising in that area. Third, *generality* means that if the data upon which it is based are comprehensible and the interpretations conceptual and broad, then the theory should be abstract enough and include sufficient variation to make it applicable to a variety of contexts related to that phenomenon. Finally the theory should provide *control* with regard to action toward the phenomenon. This is because that hypotheses proposing relationships among concepts - which later may be used to guide action - are systematically derived from actual data related to that (and only that) phenomenon. Furthermore, the conditions to which it applies should be clearly spelled out. Therefore, the conditions should apply specifically to a given situation.

### **3.5 CONCLUSION**

Using an 'intensive' research design the primary focus of this research project has been to discover and explain the role of consultancy firms in urban regeneration, using Merseyside as a case study area. Furthermore, a key aim has been to discover the causal chains that have linked the 'social structures, social practices and individual agents in this particular context' (Sayer and Morgan 1985). To answer these questions I have chose to use qualitative forms of intensive research on the grounds that using less formal, less standardised and more interactive qualitative methods of analysis, such as semi-structured interviews and participant observation, and grounding them within a theoretical framework, is a more effective method for discovering the social relationships and processes underlying the role of consultancy firms in urban regeneration.

# **CHAPTER 4**

## **THE DEMAND FOR AND SUPPLY OF URBAN REGENERATION CONSULTANTS ON MERSEYSIDE**

### **4.1 INTRODUCTION: MERSEYSIDE'S REGENERATION INDUSTRY**

As argued in chapter two, changes in the restructuring or reorganisation of the state (Jessop 1995; 1997) have been central to the development of a range of public, private, community and voluntary sector institutions and organisations at a local level, prompting several authors (Gibbs 2001; Goodwin and Painter 1996; Jessop 1997; MacLeod and Jones 1999; Peck and Tickell 1995), to argue that we have entered an era of local governance as opposed to government. As chapter two demonstrated these changes from government to governance have been highlighted through the changes in UK regeneration programmes and initiatives over the last decade. Areas such as Merseyside, which have been at the forefront of changes within the regeneration sector (see Appendix A), have witnessed a significant rise in local governance actors, which are now involved in various capacities within the regeneration of the region (see Appendix A).

Accompanying this development has also been the activity of both private and public sector consultancies on Merseyside, specialising in economic development, regeneration, urban design and planning, research and evaluation and architecture (see Appendix G). As this table demonstrates, these consultancies form a significant cluster within the region (Keeble and Nachum 2001; Porter 2000; chapter two), with a mixture of both private and public sector institutions and organisations, offering a variety of professional consultancy services relating to economic development and regeneration.

These developments have prompted some interviewees to suggest that Merseyside has developed a local or regional 'regeneration industry' in recent years. As a Liverpool based consultant noted:

“It’s a regeneration industry now on Merseyside and it has grown and developed over the last few years...As with all these programmes you will always get new firms and consultants setting up.” (May 2001)

A Pathways Objective One partnership chairman on Merseyside also suggested that:

“Merseyside is a hot-bed for regeneration at the moment. You could call it a regeneration industry if you like, what with all the different regeneration partnerships and programmes going on...you’ve also got a lot of consultancy activity in the area as well, which seems to have increased over the last few years.” (January 2002)

This chapter aims to analyse how the restructuring of the state may have influenced the supply of and demand for regeneration consultants on Merseyside. Using empirical evidence gathered from semi-structured interviews and participant observation of a local consultancy firm, this chapter will begin by analysing the factors contributing to the rise in consultants on Merseyside and will also attempt to explore the nature of the demand for these consultants within economic and social regeneration. This will be followed by a summary of the work delivered by consultants and will analyse the outputs arising from this activity. The second part of the chapter highlights the social interaction processes (Wood 1996; chapter two) that exist between consultants and their commissioning bodies on Merseyside. The chapter concludes with a summary of the key themes that link the supply of and demand for consultants within regeneration on Merseyside.

## **4.2 RESTRUCTURING OF THE STATE AND THE RISE OF CONSULTANTS**

The state, both national and local, is the key actor in regeneration and it is to the state that consultants have to relate:

“The majority of our clients are local authorities. The Manchester office of this firm is very dependant on the local authority market and it’s seen probably 75% to 80%, if not more of our fees, coming from the public sector. That’s due to the fact that we’ve developed specialisms in this office around regeneration and community consultation in particular.” (Director of large national consultancy, July 2001).

“Our client base is split more in favour of the public sector, probably a sixty-forty split, with 60% of our workload coming from the public sector agencies. Local authorities, development agencies, the RDAs, English Partnerships, and a whole range of them looking for advice and support...in the last five yeas urban design, within regeneration, has come through in all

the guidance and all of the policy advice.” (Director of Northwest based urban design consultancy, March 2001).

Another senior consultant from a national consultancy firm also noted the significance of governance organisations in forming a significant part of their work and client base, demonstrating how consultants have developed links with new forms of governance:

“We’re on the English Partnerships consultancy panel, so any English Partnership’s work then one of the preferred consultants is us. We’re on the North West Development Agency panel, we’re on the South West one and the Yorkshire one...we don’t seem to have a lot of trouble getting work with these.” (June 2001)

The restructuring of state activities (Jessop 1995; 1997; chapter two) to incorporate new governance agencies, such as the Regional Development Agencies (RDAs) and English Partnerships, would seem to have created a demand for consultants within the regeneration sector. In fact, this state restructuring process has influenced the geography of consultancy location decisions. As a senior consultant from another national consultancy stated:

“Well, I think the big picture in term of our market is the RDAs, really. That was something that we saw as quite pivotal when we were first setting up here in the Northwest. We were keen to get on board as a consultancy that wanted to work with them. As I say, they form quite a significant part of our client base now.” (June 2001)

A junior consultant from another national consultancy along with the senior partner from a national consultancy with an office on Merseyside also highlighted the importance of governance structures, such as the Regional Development Agencies, in influencing the decisions of their consultancy firms to open offices in the Northwest of England:

“The reason for us setting up a more regional structure and expanding was to tap into local markets we felt we were missing out on, particularly in the case of the Northwest with the development of the RDAs. It was decided that been Cambridge based was possibly just not putting us in the strongest position to tap into more regional regeneration markets.” (July 2001)

“We saw the reason for setting up [ABC] consulting in March 2000 was because we saw a very buoyant market position ahead. The change in Government policy within regeneration and the establishment of the RDAs has caused us to believe there was a particularly good market to go out with a new firm and we’ve been very pleased with our progress.” (August 2001)

It would seem that the growth in public sector agencies that are now involved within economic development coupled with the rise in the Labour government’s regeneration agenda

(see chapter one and Appendix H) have been influential in terms of the rise in consultancy activity within the regeneration market. As the above quoted senior partner again stated:

“There have been significant changes in the consultancy sector that have come about due to changes in government and government policy...the Labour party has changed the market significantly. First with the introduction of the RDAs and that’s changed the game plan significantly, with the focus on the eight regions now...Another big change that has affected us is the emergence of the Neighbourhood Renewal Agenda and the Social Exclusion Unit and its work which is now resulting in Local Strategic Partnerships being formed and the Neighbourhood Renewal Fund. These are all significant changes that have impacted the consultancy market in terms of the work we deliver and also the volume of firms that have set up in recent years.” (August 2001)

Changes in Government policy, with the development of many new regeneration initiatives during the late 1990s (see Appendix H) have also led to the expansion and growth of certain consultancies. As both a Northwest based urban design consultancy director and the co-director of another Northwest based consultancy noted:

“We’ve grown a business (from 1992) from me on my own up to twelve people professionally engaged in urban design. We’re one of the biggest planning practices in the region. Now we’ve done that because the flow of work seems to be there, mainly public sector regeneration programmes.” (April 2001)

“We’ve grown fairly rapidly really...we’ve grown from three to eleven members of staff in two years...and that’s down to this increase in regeneration related work.” (March 2001)

While the restructuring of the central state, coupled with the rise in regeneration related work, would seem to be influencing the consultancy market, local state restructuring (Jessop 1997; chapter two) has also influenced the consultancy market on Merseyside. As local authorities become more of ‘enablers’ (see Taylor 2000; chapter two and Appendix H) the door would seem to have opened for the involvement of consultants. As one Liverpool based consultant noted:

“Well I think there is one thing that is happening across the board nationally and that is that the local states are becoming more enablers...They are been cut to the core within the councils and therefore they don’t have much time for research and development. As a result, local authorities are contracting out R&D and that’s where consultants can come in.” (May 2001)

A Northwest based consultant also held this view and suggested that local authorities have increasingly been contracting-out work to consultants due to local state restructuring:



“I think there is also a tendency now for a lot of local authorities to put a lot of strategic work out to consultants, which ten years ago they would have probably done themselves because they had the staff to cope with it. But the staff just aren't there these days.” (April 2001)

This process of local state restructuring has also led to more consultancies been established within the local economy. As both a Government Office official in Merseyside and a partner from a Liverpool based consultancy firm noted:

“A lot of people have moved out to consultancy, that were working for local authorities, or other public bodies, in the past.” (October 2001)

“I think there is another area of change and it's according to the supply side. In the last year the supply of consultants has gone up enormously as a consequence of the redundancy policy of Liverpool City Council, and I think those people are moving around Merseyside a bit now, doing consultancy.” (March 2001)

Local authority cutbacks and redundancies have not only led to more people moving into consultancy, they have also created an increasing demand for consultants within the Merseyside local economy. A combination of smaller teams with fewer resources, coupled with increasing demands by central government, pushing many economic development and regeneration responsibilities upon local government (Stoker 1999; chapter two), has resulted in Merseyside local authority departments becoming more reliant upon the external assistance provided by consultants. As a Merseyside Government Office official noted:

“Consultancy is certainly a growth industry, particularly when there is a big public programme like Objective One. The growth is also occurring at a time when most local authorities are moving away from doing things in-house. We've moved away from that. I know when I started my career at Liverpool City Council the planning department had a research and intelligence team of about thirty people. Those days have gone now, the teams are much smaller, and so you are more reliant on consultants.” (October 2001)

This evidence suggests that the restructuring of the state across various scales (see Jessop 1995; 1997; chapter two) would seem to be influencing the rise and nature of consultancy involvement within economic and social regeneration. The following two sections will take a more in-depth analysis of this demand for and rise in consultants.

## 4.3 THE SUPPLY OF CONSULTANTS IN LOCAL ECONOMIC AND SOCIAL REGENERATION

### *Increasing Consultancy Activity*

The combined process of state restructuring coupled with the shift in regeneration responsibilities, which incorporate 'new' governance actors, would seem to have contributed to an increase in the demand for consultants in regeneration on Merseyside. Objective One Pathways partnerships (see Appendix A), which have become part of these 'new' governance structures on Merseyside, have become regular clients of consultancy firms. Representatives of partnerships that were interviewed reluctantly acknowledged the need to turn to consultants for assistance. The views of one Pathways Objective One partnership community co-ordinator was typical of others that were questioned:

“Consultancy is one of them jobs that has definitely grown in Merseyside and you know people are making money on the backs of things like the European Regional Development Funding and the European Structural Funds, which is meant to be put into areas to regenerate them...you know there's consultancy firms lining their pockets with it. But you're in a situation where if you're going to have any running in it, in getting money, then sometimes you're just going to have to use consultants, even though it kills you to do it.” (October 2001)

All the commissioning bodies that were questioned felt that the rise in public programmes, such as Objective One, had been mirrored by an increase in consultants within the local economy. As a Pathways Objective One partnership director argued:

“The whole culture of using consultants has changed. There used to be a time when you used consultants sparingly, and now they are very much part of the wallpaper. It's very rare that you haven't got consultants involved with some regeneration initiative or another around the place.” (November 2001)

This rise in consultant activity on Merseyside was also highlighted by all of the Merseyside local authority regeneration departments that were questioned. The view of one regeneration department was typical of others that were questioned:

“I think consultants have been used from the word go really. Right from the beginning of Objective One on Merseyside. It's a booming industry full stop...there's a huge amount of money being spent on consultancy and it hasn't appeared to me to have dropped off at all.” (September 2001)

A Government Office official on Merseyside also highlighted how the focus of government policy on regeneration in Merseyside had resulted in a demand for consultants and therefore a growth in consultancy activity within the region:

“There’s a lot of consultants on Merseyside because there’s been a lot of public money invested in the region in relation to regeneration.” (October 2001)

### *Types of Consultants Involved on Merseyside*

This consultancy activity is demonstrated in Appendix G, which lists consultants from both the public and private sector, located on Merseyside. There are three general categories of consultants that have been involved in regeneration on Merseyside: large private national and international consultancies, University departments and smaller locally based private consultancy firms, which also include freelance operators.

Larger national and international consultancies have been involved on Merseyside mainly in the process of undertaking large strategic projects. As the research manager of an international consultancy argued:

“In relation to local and community economic development specifically we tend to work more at the strategic level. So for instance we’re doing some work on the Integrated Development Plans in South Yorkshire, looking at the communities and write plans and developing those plans for them in a practical sense to draw down European funding. In a sense we’re involved in that in Merseyside as well.” (April 2001)

A partner of a national consultancy also highlights the larger scale of projects at which they are involved within economic and social regeneration:

“We tend to work a lot on the strategic side. We have managed to win a position which has us involved in major strategic projects, major strategic decisions, major strategic plans and the development of strategies. We’ve done a lot with organisations at the top level.” (May 2001)

It would seem that key reasons for these consultancies being used are the size and multi disciplinary nature of their consultancy teams:

“Our consultancy work is definitely at the front end. Some way into programmes people realise, or they are told, that they need a vision or that they need help with the strategy. The size and multi disciplinary nature of our team enables us to take on these big projects... We have a regular flow of

that kind of work.” (Director on a national urban design consultancy, April 2001)

“Some projects are so big and strategic that you have to widen the field beyond the smaller local consultants. For this particular project that I mentioned which was to assess the Integrated Development Plans (IDPs) for the second round of Objective One, it was quite a big project and we asked some consultants in Manchester to tender and some in Leeds to tender as well.” (Government office official, October 2001)

Research units of some university departments have also been active within the consultancy sector on Merseyside. Much of the work delivered by these has also been more strategically focused involving a strong element of research and evaluation work. For example, as a former researcher from a university research unit stated:

“I started in the consultancy field in the early 1980s in the university sector... academic institutions tend to get their noses ahead in tendering situations with research and evaluation type projects. I mean that’s what they’re seen as having strength in I suppose. So the majority of the consultancy work that we did through the University department was primarily information gathering of various kinds and evaluation work.” (March 2001)

The director of another university research unit also noted how its work was predominantly focused on evaluating programmes and providing more strategic economic overviews of areas:

“We’ve usually been brought in to deliver evaluations, such as assessing the economic impact of programmes like the Objective One. We also do things like forecasting the economic conditions of particular areas over a period of two to three years.” (May 2001)

Apart from the more traditional consultancies such as large national and international management consultancies, Merseyside has also seen many smaller consultancies and freelance consultants setting up and playing a significant role (see Howells and Green 1988; chapter two) within the local economy over recent years.

Once again, reasons relating to the restructuring of the state have affected this supply of consultants, with some having set up, as already noted, after redundancies and cutbacks within public bodies such as local authorities. In addition, some time-limited regeneration partnerships that have come to an end, such as Single Regeneration Budget partnerships, have also released more labour with expertise and skills in regeneration and economic development. Both consultants and commissioning bodies that were questioned suggested that some of these individuals had now set-up as freelance consultants or small community-

based consultancy practices. As both a Liverpool consultant and Northwest based consultancy firm co-director suggested:

“Recently you’ve had people leaving the City Council or this and that SRB to set up a consultancy. They’ve worked in regeneration and economic development so they think they can be a consultant on it.” (May 2001)

“You tend to find people who come out of say within a regeneration budget scheme like an SRB or various Challenge Funds and quite a few of them you bump into as consultants. They’ve either joined an established consultancy on the strengths of that work or they’ve set themselves up to do that.” (August 2001)

A Merseyside freelance consultant also stated that redundancies from within local authorities had led to more consultants setting up:

“There’s a lot more locally based consultants working in the market now. So a lot more people have left jobs with local authorities like Liverpool City Council and who are now freelancing or have set up by themselves...there’s a lot more competition out there and increasingly there are always a few freelancers floating around.” (February 2001)

However, it would also seem that the nature of regeneration programmes on Merseyside has also had an impact on the supply of freelance and smaller local consultants within the Merseyside economy. The rise in smaller, more community-based, local regeneration programmes and projects (see chapter two) seems to have been mirrored by a growth in freelance and smaller locally based consultancies within Merseyside over the past few years. While bigger, more national and international consultancies have focused mainly on larger contracts and have not operated at the smaller-scale of the regeneration market, a niche would seem to have been created for smaller practices. As the senior research manager with an international consultancy stated:

“I’d say there was a plethora of small consultants doing more community based work, particularly in relation to housing aspects and community aspects. Of course as urban policy has changed over the last ten years and you’ve seen a transferral over to more community orientated and area-based policies you find these smaller consultancies setting up...we tend to take on the more strategic approach to what we do and actually will not work at the very, very local level.” (April 2001)

Another large national consultancy director also indicated that the scale of some local regeneration projects does not make it commercially viable for large consultancies (see Howells and Green 1988; chapter two) to become involved with smaller pieces of work and therefore this had opened up a space for smaller consultancy practices within regeneration:

“It maybe that we may say ‘well it’s not commercially viable for us to do that work’, because the local regeneration partnership, or whoever, maybe only buying ten days of our time, but they maybe able to buy twenty five days of somebody else’s time. Therefore, there’s a decision in some cases that we feel that there are local people who can do some jobs much more cost effectively than we can and we make a decision not to go for jobs like that.” (July 2001)

A senior partner of a Liverpool based consultancy also suggested that larger consultancies had consciously moved away from smaller scale regeneration programmes, due to this work becoming commercially unviable for them:

“Larger national consultancies are continuing to drift away from smaller scale regeneration programmes...they will not take on the sort of work that is handled in our market place, ranging from between £10,000-£50,000...The major firms aren’t really interested in that scale of engagement. So we see an ongoing opportunity for smaller firms to take a lead in the market place where the larger firms aren’t really interested.” (August 2001)

The existence of smaller commissions from local regeneration partnerships in particular has also meant that there has been a steady stream of work and a market for freelance consultants, who are often able to undercut larger local consultancies. Issues such as low overheads and increased flexibility means that these individuals are able to undercut both large national consultancies and larger local consultancy firms (see Mason and Harrison 1985; chapter two). As a Merseyside consultancy firm partner stated:

“The market for freelancers has picked up as well...the nature for the demand for work has increasingly moved through phases within regeneration organisations and programmes from the strategic to the very bitty...There is a whole raft of ‘small jobs, that really, economically, can only be delivered by freelancers who have no serious overheads and can charge less.” (March 2001)

More demand from local regeneration partnerships and voluntary organisations, who have relatively small budgets for commissioning work, have also influenced the supply of freelance or smaller locally based consultancy firms due to their cheaper and more flexible rates as compared to larger national firms, who are often too expensive. As a large national consultancy director noted:

“Community and voluntary groups that are commissioning the work themselves have obviously relatively small amounts of money, and to be honest, we as a huge organisation can’t really compete with a one man band who works out of his/her home office...The charge out rates that we need to be able to secure to maintain an organisation like this means that we are

sometimes not competitive. So for example, if a community has brought together £5,000, which is an awful lot to them, the reality of what they can buy in terms of our charge out rates, is not a lot.” (July 2001)

Moreover, commissioning bodies that were questioned also stated that they preferred to use local consultants due to their perceived extra commitment to delivering work. In addition, some commissioning bodies felt that by employing local consultants more money and employment would be retained within the local economy. As the manager of a Merseyside local authority economic development department and the co-ordinator of a Merseyside Pathways Objective One partnership stated:

“We do tend to use more locally based consultants for some of our smaller community based projects, particularly within some of our local regeneration partnerships, because it’s very much about...empowering the community to make those decisions. So we would always advertise locally for any local organisations to get involved in those studies...although its always competitive bidding, we would try and encourage, where we can, to build and use local organisations.” (October 2001)

“I think that with some of the studies that we’ve been involved in there has been a desire that they should involve local consultancy firms. Obviously the concept is that you’re supporting local employment. The other thing is you’d hope a local firm would bring more commitment to the work.” (September 2002)

Another Pathways Objective One partnership director also highlighted the perceived advantages of using local consultants:

“Locally based consultants have a lot more commitment to make sure what they do works at the end of the day. So some local consultants do bring added commitment and drive to make sure projects work properly.” (January 2002)

Local consultants are also used in collaboration with large national/international firms. For instance, on occasions larger firms wanting to deliver a project in a specific locality will subcontract a local firm or freelance individual (see Howells and Green 1988; chapter two) due to their knowledge and expertise of working in that particular locality or region. As a Merseyside based freelance consultant stated:

“In the beginning, about ten years ago when I started, there was no collaboration between the different consultants, nothing. Over the last five years the big community planning consultants and community architects have realised the need for local companies on the ground that know the patch. Local knowledge, you need that, or you will come unstuck. Sometimes now

freelancers are approached by bigger teams because they've got local knowledge and local contacts." (February 2001)

A national consultancy firm director also acknowledged that her firm increasingly used local consultants for their local knowledge and expertise:

"We do collaborate with local firms and individual people who have local knowledge of issues...so in some cases we have used local specialists who know about very detailed issues at the local level and who can bring that expertise on board." (July 2001)

This tendency to collaborate has also been strengthened by the changing nature of regeneration programmes:

"Some regeneration projects are getting larger and more complex and need a range of skills." (Director of a national consultancy, August 2001)

The rise of more holistic regeneration initiatives in recent years was highlighted by another director from a large national consultancy:

"I've been in this office for the past five years, and certainly there has been much more of a shift, particularly in the last three years, for much more of the tenders that come into the office to be for holistic regeneration, rather than just the physical element. Initially when I joined we did much more of the town centre strategies, looking at the physical element of town centres. The last couple of years we've done a lot of work on New Deal for Communities and community strategies." (July 2001)

These types of projects, which sometimes may have both a physical and social regeneration element, often require the skills of more than one consultancy team:

"One of our first commissions (in Merseyside) was for the Speke-Garston partnership (European Pathways Objective One partnership). We were involved in Garston in the production of the regeneration strategy. We were not the lead consultants – Grimley were the lead consultant. They bought us in as the urban design and environmental team and they bought CEDA (a local consultancy firm) in as the community consultant... all those specialisms and skills were needed due to the holistic nature of the project." (North west urban design consultancy director, April 2001)

It is possible, therefore, to detect a tendency for consultancies with skills in socio-economic elements of regeneration to work in partnership with physical regeneration specialists such as architects or urban designers:



“If we’re doing a major regeneration strategy we would draw on board other consultants with skills in urban design, like Taylor Young and we’ve also worked with people like BDP and traffic consultants like JMP. So we offer a whole range of services and one of the ways that we try and sell ourselves is basically been able to cover most things, and we can draw on particular experts, like them.” (National consultancy firm director, July 2001)

Therefore, it would seem that the more holistic nature of regeneration programmes and initiatives, in many cases, is leading to more joint working and networking between consultants with different types of expertise and knowledge to bring to the table (Boekema et al 2000; chapter two). As the above examples demonstrated this has certainly occurred on Merseyside where national and locally based consultants have collaborated to deliver some, more holistic regeneration programmes.

This form of collaboration also occurs amongst smaller locally based consultancy firms, as consultants with differing expertise join together (Boekema et al 2000; chapter two). As one Merseyside based consultancy partner commented:

“I think that more and more firms are partnering up to deliver projects now. You often find two or three smaller firms joining up. Let’s say ones got expertise in the physical side of regeneration, one in the community side and the other is about basic research and consultation, literally door knocking processes and survey work...you sort of recognise what is happening, and that is, one company cannot necessarily answer all the questions. Or the companies who claim they can answer the questions, are extremely expensive (i.e. some large national/international consultants).” (March 2001)

This form of networking suggests that these consultancies collaborate for resource-based reasons (Hakansson and Johanson 1993; Boekema et al 2000). As a result of this networking and collaborative process between consultants there was evidence of the development of trust and regular co-working relationships between certain firms (see Morgan 1997; chapter two). For example, as one Northwest based consultancy firm co-director noted:

“There are two or three firms who, over the years, we’ve partnered and tendered with. We’ve developed a good working relationship with these firms. So if they hear of a consultancy brief where they think they need the expertise of someone like us, they would usually come to us first. We do the same with them. It works well like that and you can get more work and bigger projects as a result...so we do look to build longer-term working relationships with some firms.” (April 2001)

Another Merseyside based consultancy firm also note how they had built a good working relationship with a university research department which they believed helped to create a

competitive advantage for them in a market sector which seemed to demand and favour this form of 'theoretical' knowledge (Bell 1973; chapter two):

"We worked quite a bit with a university research department due to personal contacts we had with people there. Those were important links with the University because of the way clients perceive knowledge and expertise as well. Somehow there is no questioning a professor is not an expert in the aspect of what he/she is researching...these working partnerships are good for winning consultancy work." (October 2002)

Therefore, in addition to the three benefits attached to collaboration between firms as proposed by Morgan (1997; see chapter two) it would also seem the collaborative relationship can increase the market scope of firms and enhance their chances and possibilities of securing consultancy work.

The consultancy market is thus becoming increasingly characterised by a degree of flexible networking occurring between these consultancies (see Boekema et al 2000) as they combine various specialisms, knowledge and skills in order to deliver the wide range of regeneration related work.

A notable impact of this consultancy firm activity can also be seen on the local skills base of the economy (Lambooy 2000). As a research manager of a regional public sector body on Merseyside and a local Liverpool consultancy firm partner noted:

"I think that some consultants have been around Merseyside for long enough now that they must be recognised on the street almost...in terms of the fact that they are forming part of the community and local skills base. It's an added value issue really. They're still building capacity in the city of Liverpool and the region as a whole. The fact that you've got a base of consultants in the city region says a lot." (October 2001)

"I do think we are boosting the economy and I definitely think that we are boosting skills. We are keeping money in the area and we are creating the match for people to say that they are able to use local consultants and companies." (May 2001)

Moreover, it would also seem that the presence of consultants within the economy was providing work opportunities for skilled labour. As the above consultant again noted:

"The other thing about our organisation is that people who we employ for research purposes and also for administration are people who have been through our training that we've carried out with local regeneration partnerships in the past. So we're growing our own as well, really, and some

are going on and using us as an experience before going on for other jobs in the area.” (June 2001)

Therefore, not only are consultants contributing to the development of local economies through their involvement in the regeneration process, they are also directly contributing to the local labour market by recruiting locally:

“Consultants are important actors in the local economy in that they help in the process of developing the abilities of organisations and develop local people’s skills...we’ve taken on local people who’ve been unemployed as members of our team. While some of them have then stayed in the local economy other have left to pursue careers elsewhere outside of Merseyside.” (Merseyside based consultant, May 2001)

Other Merseyside based consultants that were questioned also stated how the higher education system in Liverpool was also important for them in acquiring highly skilled individuals:

“We recruit from the postgraduate students because that’s the level we have to recruit at to get quality individuals who are able to deliver this consultancy work.” (October 2002)

“We’re looking to expand the business a bit in the near future and we’ll probably be looking at recruiting someone from a postgraduate level really, to join our consultancy team.” (May 2001)

The preceding analysis suggests that while local governance structures that are in place to guide and promote regeneration (Jessop 1997; chapter two), such as the Regional Development Agencies, local authorities and local regeneration partnerships, the growing supply of consultants would suggest that these structures have a limited capacity for implementing regeneration without consultancy advice. In order to more fully explore this issue, the proceeding sections will attempt to demonstrate the nature of the demand for consultants within regeneration on Merseyside.

## 4.4 THE NATURE OF THE DEMAND FOR REGENERATION CONSULTANTS

The preceding section argued that the wider process of the restructuring of the state and the transferral of regeneration responsibilities to an expanded range of governance actors, have contributed significantly to the involvement of consultants within urban regeneration. The field research points to four key interlocking reasons why consultants were used by organisations and institutions involved in regeneration on Merseyside. First, consultants were used by clients due to their perceived knowledge and expertise. Secondly, a lack of capacity or in-house resources within client bodies. Thirdly, the perceived independence and objectivity that consultants were able to offer contributed to them being used. Finally the networking capacity provided by consultancy firms was also important for clients. Each of these will now be discussed in turn.

### *Specialist Knowledge and Expertise*

Wood's (1996; chapter two) analysis highlighted that business service consultancies formed no more than one form of supply response within the wider market demanding specialised managerial, technical and professional expertise. One of the major reasons given by commissioning bodies on Merseyside as to why they use consultants was due to the specialist knowledge and expertise that this form of assistance provides (see also Robinson 1997; chapter two). Consultants are perceived as "regeneration professionals" who are able to inject the relevant expertise into particular economic and social regeneration projects. As a Merseyside Objective One Pathways partnership community development officer and a Single Regeneration Budget partnership director suggested:

"Consultants bring a fresh perspective on the work that we do here and they also bring in the expertise...We're not architects or planners in our team so using consultants is about injecting that professional expertise." (Pathways community development officer, August 2001)

"Consultants are multi-skilled team of people who bring a specific expertise with them." (Single Regeneration Budget Partnership director, September 2001)

Moreover, due to the introduction and relative infancy of many area-based regeneration initiatives since New Labour's arrival in 1997 (see chapter one and Appendix H) and the limited size of local authority regeneration departments as a result of the state restructuring

process, many are finding that they do not possess the relevant in-house knowledge and expertise in relation to regeneration:

“Regeneration is in its infancy and a lot of the local authorities haven’t got very big regeneration departments at the moment. So a lot of them don’t really know what regeneration is about. Over the last few years, when they’ve been dealing with regeneration issues, consultants were just brought in because they were the specialists’, they’re the people who have the knowledge and the know-how.” (Merseyside Pathways Objective One partnership director, October 2001)

The additional expertise that consultants brought to local state regeneration teams was also a reason given by the manager of a local authority regeneration department on Merseyside as to why his local authority inevitably had to use this type of assistance:

“There is a feeling sometimes that ‘bloody hell all we ever do is employ consultants. Couldn’t we do some of this work ourselves and employ people who are going to be there long-term?’ But it hasn’t worked out like that...Perhaps it’s because although you may employ some more people the work still just mushrooms and you still need consultants on top of it. You know, to provide the expertise that you won’t necessarily get with just one person because obviously if you’re talking about consultants you’re talking about multidisciplinary teams.” (September 2001)

Both of these comments highlight how consultants can be viewed as ‘knowledge workers’ (Lambooy 2000, chapter two) that are used to replace the lack of appropriate knowledge and expertise within client organisations. As another Merseyside Pathways Objective One partnership director suggested:

“We bring in consultants because they have the knowledge base and the experience to actually deliver the project or to write the project, or whatever you need doing.” (November 2001)

Indeed for many clients, consultants offer a specific skill or expertise that is not available within an in-house generalist team. Under these circumstances consultants are brought in as specialist advisers or as experts in a particular field (Single Regeneration Budget Partnership Manager):

“Our philosophy has been that we’ve only got a small SRB with small amounts of money and we do have a small team. As such, the team we do have, really have to be quite generalist because we have a wide range of programmes. We said early on it would be better to have a small generalist team and bring consultants in as more specialist advisers.” (August 2001)

Moreover having access to a wider pool of knowledge resources would seem to be an important factor why certain organisations, which have limited in-house expertise, use consultants. As a Merseyside Pathways Objective One partnership co-ordinator stated:

“Bringing expertise to the partnership is an important factor for using consultants. Potentially consultants within a consultancy team have got access to a wide range of disciplines...Also some consultants develop an expertise in certain areas. For example, one of the Liverpool consultants that we use quite a bit seem to be developing a focus for putting bids together for projects and have a successful track record in doing that.” (September 2002)

It would also seem that in order to maintain their competitive advantage within the market place some consultants are continuously updating their knowledge and awareness of new regeneration programmes and initiatives:

“One of the things I’ve noticed with consultants is they keep their ears very much on the ground regarding government initiatives that are taking place. They’re constantly scouring the websites and in liaison with people in such departments regarding what’s coming up. So they’re in a position where they can say ‘well we’ve got our ears to the ground and we know more about these initiatives than anyone else and we’re the best people to appoint to the job’...Consultants have got to constantly re-skill and upgrade their knowledge with regard to what funding streams are becoming available.” (Merseyside Pathways Objective One director, January 2002)

This illustrates how the most competitive consultants are actively involved in a process of encoding knowledge of wider regeneration programmes and initiatives into more tacit forms (Boekema 2000; chapter two). By making this tacit knowledge available to clients at a more local level (Stehr 1994; chapter two) it would seem that this form of knowledge development and implementation is a key source of competitive advantage for consultants (Boekema 2000; chapter two). As the senior partner of a Liverpool consultancy firm and a freelance consultant who is actively involved on Merseyside noted:

“As consultants you have to continuously update your knowledge of these regeneration programmes and upgrade your skills in order to be competitive.” (July 2001)

“I’m always looking at government department and regeneration related websites. You have to keep yourself ahead of the game in relation to what’s coming through...I use this as a tool to sell my services to local regeneration partnerships.” (February 2001)

### *Lack of Capacity and In-House Resources*

Sometimes commissioning body teams do have the relevant knowledge and expertise to deliver particular tasks, but need to use consultants for capacity reasons (see Wood 1996; chapter two). As was mentioned above, as the reorganisation of the state activities has pushed more regeneration responsibilities onto local authorities and other organisations such as local regeneration partnerships (see Jessop 1995; 1997; chapter two), many are finding that they do not have sufficient personnel to deliver the workload placed upon them. As one ex-local authority regeneration manager on Merseyside noted:

“One of the main reasons why public agencies use consultancies, certainly in the case of local authorities, is that they don’t have the in-house resources. They might have the capability, it’s not to say they don’t have the skills, sometimes they do, but basically it’s about the pressure of work and not enough personnel to deliver.” (September 2001)

Again this would seem to suggest that the restructuring of local government and the state more widely has opened up a niche for consultancies operating within regeneration. Indeed, this lack of in-house capacity and resources within local government teams often means that consultants are brought in as an “extra pair of hands.” As another Merseyside local authority regeneration department manager and a senior partner of a Liverpool consultancy firm stated:

“We use consultants quite a lot to be honest. At the moment I think it’s fair to say that within here, the regeneration and policy team, we’re using consultants basically because of a lack of resources, in terms of bodies to actually do the work. It creates a problem for this team, so the idea is to buy some external support in.” (August 2001)

“Consultants will continue to have a role to play, particularly in areas where the public sector agencies are short of staff and they need experienced pairs of hands. So very much operational work and temporary resource type of roles.” (July 2001)

Moreover, it would seem that with this growing complexity and also the sheer volume of new regeneration initiatives (see chapter one and Appendix H), coupled with staff shortages, comes an inability among some public agencies to cope on their own. As one national consultancy director suggested:

“Local Authority officers are busy and involved in a huge set of government agendas. They are using consultants to top up when they have peak loads. We can be available when they want another pair of hands and do a focused piece of work.” (September 2001)

This was also the view of a Merseyside local authority regeneration department manager, who argued that consultants were used:

“...very often it can be down to resources and also timing, particularly with government deadlines, Objective One, and you’re in a rush to get things done.” (September 2001)

Lack of in-house staff to deliver larger project can also be a problem for smaller local regeneration partnerships. With limited funds to acquire full-time members of staff many local partnerships will use consultants for limited periods when they have larger projects to complete. As both a Merseyside Pathways Objective One partnership community development officer and the chairman of another partnership stated:

“We can’t afford to take on many full-time members of staff, so one of our main reasons for using consultants is we haven’t got the in-house capacity and resources to deliver certain larger projects.” (Merseyside Pathways Objective One Partnership community development officer, July 2001)

“We use consultants due to the limited resources that we have here. If you get stretched or have limited staff resources then you ask consultants to undertake tasks that you wouldn’t necessarily have time to do yourself.” (Merseyside Objective One Partnership chairman, August 2001)

For the co-ordinator of one Objective One Pathways partnership the lengthy time process involved in having to write bid applications for regeneration money meant that contracting consultants to do the work freed-up full-time members of staff’s time to undertake other pieces of work. Moreover, it was also suggested that the task might be undertaken quicker and more efficiently by a consultant that had previous experience in undertaking such projects:

“This time last year I wrote an ERDF (European Regional Development Fund) bid and that was a two or three month process. So quite clearly that’s a very time consuming activity. A colleague of mine has written a bid for a key project and we’ve still not had a decision off the Government Office for that. That’s nine months down the line. There’s a lot of toeing and fro-ing on jobs like that, you now with Government Office saying ‘we want this taken out and we want this adding.’ The implication of that is it ties an officer’s time. So that’s why we might utilise consultants, because A you’re not tying up a member of staff’s time and B they maybe be able to respond quicker to some of the queries because they might have a better understanding and background of the queries that had been asked.” (October 2002)



On certain occasions the pressure of meeting deadlines for completing regeneration bids and applying for funds can lead to consultants being bought in, and thus easing the workload for full-time members of staff.

Again, local state restructuring coupled with the increased responsibilities on local authority teams to compete for funds with other authorities (see Peck and Tickell 1994; chapter two) would seem to be significant factors in the growing use of consultants. One local authority economic development team manager echoed the views of other local authority regeneration departments on Merseyside:

“A lot of ways these regeneration initiatives come up is through bidding. We’re up against others and bidding for resources all the time. I think a lot of the time it’s time scales that force you down the road of actually getting someone in to do an intensive piece of work as well. Obviously, getting a member of staff to write something for a deadline in a month’s time, they can’t just be taken off their full-time job necessarily for that period. So that’s the reason why we will get consultants in as well.” (October 2001)

Once again here it is evident that the wider state restructuring process has led to consultants being drawn into the regeneration sector. It would seem that both local authority teams and local regeneration partnerships, with limited staff resources, are finding that they are unable to deal effectively with the volume of responsibilities and competitive nature of the regeneration work that is placed upon them.

#### *Acquiring an independent/objective view*

The perceived objectivity and independence that consultants can provide can also be important factors in prompting some commissioning bodies to buy in consultancy assistance (see Wood 1996; chapter two). As one Merseyside local authority head of regeneration stated:

“Consultants come into their own when there is a need for an independent view, when a proposed initiative is viewed with suspicion on the ground and support from all key players is required.” (September 2001)

Under these circumstances, consultants can be seen as acting as mediators/intermediaries within partnerships, in the process of building and maintaining partnership networks. For example, when there are several sensitive and potentially conflicting issues to be dealt with within a partnership, bringing in an independent consultant is seen as legitimising and facilitating procedures:

“Another reason why you would bring in consultants would be if you’ve got a whole range of different parties, like in a partnership, for example. You may want to produce a piece of work that’s been done by an independent organisation as part of managing all the sensitivities and all the different agendas within that partnership group. Going through a tendering exercise and using a third party like a consultant is a way of managing all those different views.” (Merseyside Pathways Objective One director, October 2001)

Being able to deal more effectively with sensitive issues due to their independence was also a reason given by another Merseyside Objective One partnership director on Merseyside and also a New Deal for Communities partnership community development worker why they had used consultants:

“Consultants are a good option when there are particular sensitive issues to be dealt with, such as we’ve just had a review done here about how Pathways has been operating in this area. They (the partnership board) wanted someone independent in to do that so the whole process was seen to be conducted by someone who had no axe to grind with any of the complaining parties or those who were been complained about.” (January 2002)

“Having consultants coming in creates that independence that is needed with some projects. They’re in a position where they can challenge things that perhaps we couldn’t do on the team.” (November 2001)

A Single Regeneration Budget partnership manager on Merseyside also highlighted the fact that sometimes the partnership called on consultants when their board required an independent and objective view:

“Consultants do provide you with that independence and objectivity...you can’t always be a prophet in your own land.” (March 2002)

Bringing in an independent third party can also be important in the process of devising scoring methodologies and assessing bids for major regeneration funds. Large public bodies may use consultants under these circumstances when they believe political sensitivity is essential. Under these circumstances it would seem that consultants are viewed as holders of ‘objective’ knowledge. As a Governmental Office official on Merseyside suggested:

“I did feel at the time that I should have done the job of assessing the IDPs (Individual Development Plans). But I think had I have done it, I would have become embroiled in the political process. Therefore, it was useful to have outsiders coming in and assessing the plans in a very objective way...I think everybody accepted the objectivity of the consultants that we employed.” (September 2001)

The independence that consultants provide can also assist some bodies by legitimising the work that they are undertaking. This would seem especially true in the case of larger, more renowned consultancies, whose 'stamp' on a piece of work can often add credence to a bid application or a policy document:

"I think at times when you have a good report in from a consultant it can actually give you a lot of bargaining weight both outside and within the organisation because somebody independent has produced that. Therefore it is seen as having some worth." (Merseyside housing association manager, October 2001)

Moreover, the objectivity and independence that consultants provide can also bring added input and new ideas to an organisation. The tacit knowledge and experiences that consultants carry from working in different areas and with different organisations in regeneration may offer a form of interactive learning and knowledge development (see Haskell and Legendijk 2001; chapter two) that makes them attractive to commissioning bodies. As the above quoted housing association manager noted:

"I've found from using good consultants that they will pose questions to me which I will actually find very helpful because they help you critique what you are doing and so they assist you to learn and develop as an organisation. That independent view can bring in a useful freshness of ideas because they have often worked in other areas as well, which helps." (October 2001)

### *Networking Capacity of Consultancy Firms*

Consultancy firms are also key players within the regeneration network infrastructure of a region. Once again, the knowledge and expertise that consultants have from working in different localities and with different bodies both on an interregional and intraregional scale gives them an understanding of how local individual regeneration projects 'fit in' with wider regional or national regeneration programmes. Therefore, consultants who are able to codify and transfer (see Hassink and Legendijk 2001; chapter two) these regeneration 'ideas' and concepts and apply them to emerging local circumstances (Stehr 1994; chapter two) are able to develop a competitive advantage for themselves within the market place. This process suggests that consultants may play a role similar to that of a local animateur (Morgan 1998; Hassink and Legendijk 2001; chapter two). As a Merseyside based housing association manager noted:

"Networks can be very important. Somebody like ABC (large Merseyside based consultancy firm) are networked to all the other things that are going on in the region, so they can bring something more to the table in terms of knowing how your project is going to link in and work with everything else in the wider regeneration programmes." (October 2001)

A Merseyside Objective One Pathways partnership director noted the importance of consultants in transferring lessons of best practice and facilitating in these learning processes:

“Consultants are very good in helping us learn from what others have done... So we get to know from consultants what’s worked in other areas of the country and best practice gets injected through that. Consultants are important in that kind of learning process.” (November 2001)

Another housing association manager on Merseyside also noted the importance of using consultants who had been heavily involved in regeneration programmes for the networking capacity that they provided:

“We look to use consultants who’ve been involved with projects in the area and across different regeneration programmes and disciplines so they bring a bit of network with them.” (October 2001)

### *Consultants as Facilitators and Enablers*

Through their added knowledge and expertise, independence and networking capacity it would seem that consultants have an important role to play in supporting local governance structures in developing and delivering regeneration. Of central importance here would seem to be the tacit knowledge that consultants are perceived to have derived from working with different clients within the broad regeneration sector. However, more critically, while the research reveals that governance actors lack expertise and knowledge, the growing use of consultants also highlights the lack of *direct* knowledge transferral and learning linkages between governance actors involved in regeneration:

“On reflection there has been no transfer of knowledge and capacity and experience between many of the clients that we have worked with. There has been nobody pulling them all together and saying ‘these are the different stages that you need to go through in the regeneration process or this is the planning process you need to go through’. During the first round of Objective One the Pathways areas didn’t really talk to each other. There was no Government agency in place that was responsible and would facilitate the transfer of knowledge between those clients.” (Merseyside based consultant, February 2001)

Moreover, another Merseyside consultant also highlighted how there continues to be a lack of consolidation of knowledge amongst some governance actors involved in the regeneration process:

“Even now, six years after the beginning of Objective One [on Merseyside],

you get invited to tender and you're thinking 'I wish they'd come to me six months earlier and I wish they'd done things another way,' ...everyone seems to be making the same mistakes." (October 2002)

It would seem that the role of consultants has been to act as local amateurs through facilitating the *indirect* transfer of tacit knowledge between actors and enabling them to learn from the experiences of others involved in the regeneration sector:

"We can use the knowledge we pick up from working in different areas and with different clients and use it to inform any new projects that we are working on...we've used the experience and knowledge we've gained from working on Merseyside and that's put us in a good position in getting work elsewhere." (Merseyside based consultant, March 2001)

The following section will now summarise the type of work delivered by consultants within the regeneration process on Merseyside thus providing a more in-depth understanding of how consultants have been used in this process of facilitating and enabling knowledge transferral.

#### **4.5 TYPES OF REGENERATION WORK DELIVERED BY CONSULTANTS ON MERSEYSIDE**

It is possible to break down regeneration consultancy work on Merseyside into seven broad categories: business planning and baseline analyses; community consultation and involvement work; policy/strategy development and implementation projects; preparation, submission and scoring of funding bids; staff replacement and project management work; training and capacity-building, and, finally, research and evaluation.

##### ***Business Planning and Baseline Analyses***

Many community economic development projects require a detailed business plan for funding. Consultants are used to produce business plans and baseline analyses that include detailed capital and revenue budgets and cash flow projections, often for regeneration funding in the process of developing community facilities. As a Merseyside based consultancy firm director argued:

"Developing business plans so that people can apply for funding is a major part of our work. I've just finished a project with Liverpool City Council

helping an ethnic group get together a community based facility in Toxteth. It is hoped that the facility will be designed to remove some of the barriers to unemployed females, in particular, accessing job opportunities. So the facility will include childcare facilities as well as training facilities. I've been working to try to make their business plan robust." (July 2001)

The business plans produced by consultants are often used to support bids to major funding sources, examples of which include: the New Opportunities Fund; the Housing Corporation Innovation and Good Practice Fund; Single Regeneration Budget programmes; European Regional Development Funding and European Structural Funds and also major charitable funders.

### *Community Consultation and Involvement*

Involving the community in the decision making process and in the social and economic development of their own neighbourhoods is a central requirement of many recent Government regeneration policy initiatives and programmes (see chapter one and Appendix H). As such, the work of many consultants has an element of community involvement attached to it. One Merseyside based consultant reflected on how the involvement of communities was now a key element within his company's work:

"The involvement of communities is becoming essential, because what they claim is that they want to be involved. They don't want things to be done to them. They want to be involved. We respect that. The future of those areas is dependent upon the communities taking control of their own destiny, ultimately. This is why a lot of our work now involves a certain amount of consultation with the community." (June 2001)

As a result of this shift in emphasis, regeneration programmes such as the European Objective One programme, the Single Regeneration Budget and New Deal for Communities require community consultation during their development. Consultants have been used extensively on Merseyside for this purpose. For example, during the second round of Objective One on Merseyside consultants have undertaken community consultations while developing the Integrated Development Plans for certain Strategic Investment Areas (see Appendix A for a summary of Objective One on Merseyside). As a Merseyside based consultant commented:

"I've recently completed the integrated development planning work for three Strategic Investment Areas, which has involved a consultation with communities. In one case, which is referred to as Atlantic Gateway, covering Sefton and North Liverpool, there has been extensive consultation with the four Pathways areas and other communities that are linked to that spatial area." (July 2001)

Consultants have also undertaken community consultations in Single Regeneration Budget areas on Merseyside:

“We’ve done quite a lot of community consultation work for the SRB areas. For instance, we did work for Speke-Garston SRB, Huyton SRB and Parks Partnership.” (Liverpool based consultant, February 2001)

Another Northwest based consultancy firm was used by the Garston Urban Village Partnership in Liverpool on a community consultation exercise in Garston under the Bridge as part of the development of a housing strategy for the area. This project involved the consultancy delivering two large household surveys; developing community leaflets and newsletters; running focus groups; developing a street representative structure; creating and helping to run a drop-in advice centre and holding two community open days. In this capacity consultants are potentially acting as community animateurs (see Hassink and Lagendijk 2001 and Morgan 1997; chapter two).

#### *Preparation, Submission and Scoring of Funding Bids*

As was demonstrated in the preceding section, the objectivity and independence that consultants provide often means that they are used to evaluate and score funding bids. For example, during the second round of Objective One on Merseyside, the Strategic Investment Area (SIAs) had to make competitive bids to receive an allocation of the available European Objective One funding in the form of regeneration strategies known as Integrated Development Plans. The Government Office for Merseyside used one firm of consultants to devise the scoring methodologies and another to evaluate the bids. As a Government Office official noted:

“We took on consultants because we had to allocate the first phase of European money to what we call these SIAs. The areas concerned made competitive bids for this according to a format, which was prepared by consultants for us. Basically there was quite detailed scoring system against quite specific criteria. Things like deliverability, management control, impact, outputs, inward investment attracted, etc...we used other consultants to assess the bids in relation to the criteria which had been established.” (September 2001)

This highlights how non-state actors, such as consultants, have carved an influential niche within local governance structures (Raco 1999; Peck and Tickell 1995; chapter two) and carry a significant amount of power in decision-making processes. In addition, many local authorities and members of the Strategic Investment Area partnerships have also used

consultants to prepare the Integrated Development Plans:

“Some local authorities, when they submitted their IDPs, they produced them in-house, and some used consultants. Some used a combination of both. It didn’t have an impact on the quality. Some of the local authorities just didn’t have the resources to prepare their IDPs in-house and so they used consultants.” (Merseyside Government Office official, October 2001)

As we can see from this example the restructuring of the local state has again been influential in providing work for consultants. During the second phase of Objective One on Merseyside, consultants have been used extensively throughout the process of preparing bids, devising scoring methodologies and finally, assessing the completed bids.

### *Policy/Strategy Development and Implementation*

A great deal of recent consultancy work within regeneration on Merseyside is policy and research orientated around the provision and development of community facilities, community enterprises, and the implementation of existing community and local economic regeneration projects. With the development of the Single Regeneration Budget and European Objective One on Merseyside and the setting up of Pathways groups (see Appendix A), many projects have a community focus and include policy development or feasibility studies around the development of particular community-based initiatives and programmes. For many locally based consultancy firms and freelance consultants this form of consultancy work has been dominant on Merseyside over the past five to six years. This again would suggest that consultants have developed a role as the deliverers of economic policy in some areas rather than local government (see Imrie and Raco 1999; chapter two). As a Liverpool based consultancy firm partner suggested:

“I think now, over the last five years, we’re doing a lot more small work on the development of policy with local regeneration groups and the design and implementation of community-based projects.” (March 2001)

This view was echoed by another Merseyside based consultant who noted that following the allocation of European Union Objective One funds many community-based partnerships and local organisations needed advice and support on actually implementing their projects and spending their financial allocations:

“One of the things that struck us when we came into the market in 1998 was that there were a hell of a lot of community groups and local bodies very, very desperate out there for implementation. Because suddenly they had to



get their money spent, they knew the money was there, and we've had loads of work around the implementation of community projects." (May 2001)

Consultants have been used extensively on Merseyside for developing strategies of various kinds including, regeneration, spatial development, business competitiveness, employment and life long learning, investment, mapping, women and childcare strategies:

"We use consultants to help develop strategies for us...We've used them specifically for employment and regeneration strategies here." (Merseyside housing association manager, November 2001)

Smaller local regeneration partnerships, such as Pathways Objective One groups, who have a lack of in-house resources, depend a great deal on external support to complete a variety of strategies. One Merseyside Objective One Pathways partnership director highlighted this:

"We've used consultants for three strategies. That's the spatial development strategy, the business competitiveness and the employment and life long learning strategy." (September 2001)

Once again, the second round of Objective One on Merseyside (see Appendix A) has created a new demand for strategies, as areas within the region have had to produce applications for the new allocation of European money. For example, the three strategies, referred to above, were created and included within an overarching strategy, called the Integrated Development Plan, which was used to apply for funding. In this role consultants can be seen as having an influential role in organising the conditions and direction for local economic development within local areas (see Mayer 1995; Clarke and Newman 1992; 1997; chapter two). As the above Objective One Pathways partnership director again argued:

"Those three strategies I've referred to, which we used consultants for, they have been placed within a wrap-around strategy for the Strategic Investment Areas, an overarching strategy called the Integrated Development Plan. That linked the three strategies together, and consultants were also brought in for that." (September 2001)

### ***Research and Evaluation***

The perceived independence or external objectivity of consultants are key factors as to why they are used for carrying out research and evaluation work. Many regeneration programmes require evaluations either at the beginning, middle or end of their life span, and independent consultants are used to deliver these statutory requirements. As a senior researcher from an international consultancy commented:

“We do a lot of ex-ante and ex-post evaluations of structural fund programmes in Objective One areas, such as Merseyside.” (March 2001)

In relation to Merseyside, consultants have been commissioned to deliver research and evaluation work for both local organisations and national governmental bodies. For example, one Merseyside based CVS (Council for Voluntary Sector) director stated that they used consultants regularly to deliver evaluations:

“We tend to use consultants for evaluation in programmes that need an external evaluator at the end of a programme, or before you’re just starting out and you need someone to write your initial action plan for you. It’s at the other end as well, when you’re coming in to mid-term or later and the sponsoring department or the financing department of government demands an external appraisal.” (November 2001)

National governmental departments will also employ consultants directly to deliver case-study evaluations in particular regions. Being the recipient of many regeneration and economic development schemes, Merseyside (see Appendix A) is used as a case-study area for independent evaluations by consultants, on behalf of the government:

“We have evaluated many economic development initiatives on Merseyside because it has been a hot-bed for regeneration schemes over the last decade. One programme we did evaluate in Merseyside was funded under the Department for Trade and Industry (DTI), under the second Competitiveness White Paper. Here we looked at a few specific case studies in Merseyside. For instance, we looked at a micro business scheme for Business Link Wirral, which has been quite successful.” (International consultancy firm senior researcher, March 2001)

### *Training and Capacity-Building*

A great deal of work within local economic and social regeneration over the past decade has focused on capacity building (see Skinner 1997; DETR 1997; chapter two). The training of both individual staff members of local regeneration partnerships and also community groups from within these partnerships has formed an important part of consultants’ activity in regeneration. The consultants questioned as part of this research highlighted a whole range of training courses that they had delivered for both individuals and groups involved within regeneration. These courses included committee and meeting skills training; chairing meetings; training on developing decision making and negotiating skills and also training for producing community newsletters and publicity information. Consultants have also been used for training on topics related specifically to regeneration and housing, including finance and funding, dealing with crime and vandalism, developing community enterprises and providing information to local regeneration partnerships on key regeneration programmes.

This form of training by consultants has been linked to capacity building and community empowerment (see Hyatt 1995; Skinner 1997; chapter two). For example, one Liverpool based consultancy firm that specialises in training staff and individual members of local regeneration partnerships and housing associations, often tries to include some form of capacity building within their training programmes:

“We did Northwood SRBs Moving Forward strategy and then a community consultation where we trained up local people...we trained ten local people to undertake the research. Within a twenty-day training programme they had achieved the equivalent of NVQ levels 2 and 3. They got two units at level 3 and three units at level 2. That work has now resulted in a community business undertaking community research (Northwood Community Research Projects). That only started in September 2001 and two of those people we trained have got jobs there. They’re the first jobs they’ve had on £19,000 a year.” (May 2001)

Developing the capacity of communities is a major part of another Merseyside based consultancy firm’s work. As a partner from the firm noted:

“We’ve been moving more in the direction of developing the technical skill base of local communities so that they can do things like appraise work that is aimed at them. So issues of community empowerment and developing contract management skills of local communities are central to a lot of our work with local groups.” (May 2001)

Another example of training and capacity building on Merseyside is when large commissioning bodies, such as local authorities, use consultants to train and develop the capacities of local managers and community workers. This has been especially prominent within Liverpool around community based economic development where consultants are often used as ‘advisers’ (see Skinner 1997; chapter two) and sometimes undertake a ‘hand-holding’ role on capacity-building projects. As one senior local authority regeneration department official noted:

“We’ve used consultants a lot, certainly around the social economy issues and CBED (Community Based Economic Development) because there’s massive, certainly when you go to localities in Liverpool, there’s things like capacity building to do. That is very labour intensive, and we use consultants to do a lot of that type of work. For example, you might have a CBED enabling agency that tries to assist the establishment of micro businesses within a locality. But you know, your managers of the CBED organisations themselves might not have all the expertise to pass on to developing those micro businesses. So we’ve found huge amounts of the actual enabling bodies themselves have needed a lot of capacity building. So that’s when we’ve brought consultants in, in the past.” (September 2001)

It would seem that the ability of consultants to transfer or 'carry' knowledge (see Hassink and Lagendijk 2001, chapter two) and develop best practice as a result of working in local communities and with a variety of clients means that they are utilised to pass on this information to develop the capacity of other groups and organisations involved in regeneration:

“We've used consultants to provide training and to inject good practice. So we've used a group of advisers that the DTLR have provided, called the Ginger Group. These were experts in things like health and crime, but more specifically in community regeneration. So they did capacity building with our board and the task groups and they advised people by saying 'this is what other people have done, this is how other people have achieved results in their area.' ” (Merseyside New Deal for Communities partnership community development worker, November 2001)

### *Project Management through Staff Replacement*

Lack of in-house resources can also lead to some commissioning bodies using consultants as full-time members of staff over a set period of time. For instance, newly set up regeneration partnerships often bring-in consultants to act as full-time working staff or management while new members of staff are being trained or appointed. Within Merseyside this has occurred amongst some of the Single Regeneration Budget partnerships. For example, consultants from a local Liverpool based consultancy were used by Dingle SRB partnership to act as managers and expert advisers (see Skinner 1997; chapter two) at the partnership. As one of the consultancy partners pointed out:

“One of the big jobs that we did earlier on is we worked a bit like staff replacement. We worked as part of the Dingle SRB management team. We went out and worked with some of the community groups who were trying to bid for money from the SRB team.” (February 2001)

This form of staff replacement and project management has also been evident in the European Objective One programme on Merseyside. During the first phase of Objective One large international consultants were used by regeneration partnerships to project manage and develop their regeneration programmes before full-time members of staff could be appointed:

“We worked for the Rope Walks partnership, which was then the Duke Street-Bold Street partnership. We were involved with another company from Manchester called PDP in almost managing a European Objective One regeneration programme for the regeneration of the creative quarter in Liverpool...One of our roles was to write a training, employment and business support strategy for the Pathways communities. So we tried to link in human resource measures funded under European Social Fund with

European Regional Development monies...we were effectively in the post managing the programme before staff were appointed.” (National consultancy senior research manager, March 2001)

Consultants were also used as temporary staff by a Liverpool based housing association during its early days of setting up. Due to a lack of in-house resources and appropriate expertise consultants were brought in by the director of the housing association to develop its early policy and development frameworks:

“At the start the housing association just had a director and she needed to write her own staffing structure and get that approved. So at that time everybody she had working for her were consultants who had a very broad task of helping to build up an economic development framework, a community development framework and a care framework, etc. At that point they were working as paid staff.” (Merseyside housing association manager, November 2001)

### *Consultants and Knowledge Transferral*

This analysis on the work undertaken by consultants within the regeneration process on Merseyside can be used to understand the role of consultants in transferring knowledge. This can be explained by analysing these outputs in relation to the work carried out by Nonaka and Takeuchi (1995; chapter two) on knowledge conversion. For example, staff replacement and project management consultancy involvement can be viewed as a *socialization* process whereby tacit knowledge is transferred to individuals in other (client) organisations. Strategy development or community consultation work is an *externalization* process whereby tacit knowledge is converted to explicit knowledge by way of reports that arise from this work. These consultancy reports make this information and knowledge readily communicable to others. In the form of training or capacity building work consultants can also transfer the explicit knowledge that they have into tacit knowledge, through a knowledge *internalization* process, whereby this explicit knowledge is made available in tacit form to client organisations. Finally, research and evaluation work may be seen as a knowledge *combination* process whereby explicit knowledge is transferred by way of collecting information from one location and converting it into other explicit knowledge by making this information more widely available, again via reports, and developing lessons of good practice. This analysis also suggests that consultants can be viewed as part of an advanced producer service sector (Lambooy 2000, chapter two) due to their central position in developing and converting knowledge and also facilitating the use of this knowledge.

#### **4.6 SOCIAL INTERACTION PROCESSES BETWEEN CONSULTANTS AND COMMISSIONING BODIES: SELECTING CONSULTANTS AND ENSURING VALUE FOR MONEY**

As the preceding sections have attempted to demonstrate consultants have been commissioned to deliver a variety of tasks in regeneration programmes on Merseyside, ranging from the European Objective One programme through to the Single Regeneration Budget and New Deal for Communities initiatives. Again building on the work of Wood (1996) and O'Farrell and Moffat (1991) (chapter two) this section will attempt to discover and understand the social interaction processes at work between commissioning bodies and consultants on Merseyside. This section will also attempt to expand on the interactive learning processes work of Hassink and Lagendijk (2001; chapter two) and will attempt to demonstrate how commissioning bodies on Merseyside, through this social interaction process, have 'learnt' to use consultant more effectively, thus attempting to ensure better value for money and tangible outcomes from consultancy projects.

##### ***Tendering Work***

The majority of the work that consultants deliver is undertaken after a formal competitive tendering process. All of the commissioning bodies questioned stated that they had developed strict criteria and procedures for selecting consultants to deliver regeneration related projects. This process usually begins with the commissioning body writing a brief which is then sent out to be tendered for by interested consultants. For many public bodies such as local authorities and regional Government Offices this follows a strict formal procedure:

“Because we're in Government Office there is quite a strict procedure that has to be followed to meet Government requirements. With the recruitment of consultants we have to go out to tender. So a very clear brief has to be prepared. If it's worth above a certain size we'll advertise that and if it's below a certain size we'll go to consultants that we know plus some others that we don't know so much about. They have to submit their bids, they're opened, we look at them carefully and we select not necessarily the cheapest, but usually the most appropriate for the job...normally we will go through an interview process as well.” (Merseyside Government Office official, September 2001)

“You'd send a spec out to the firms you'd want to talk to, and I say firms loosely because they could be university departments, private consultancy firms or whatever. You send the brief out and ask people to tender for the brief and if you like what you see then you interview them. It's vital to

interview consultants, anybody can bull\*\*\*\* on paper.” (Voluntary organisation manager, October 2001)

Similarly, local regeneration partnerships, such as Objective One Pathways groups on Merseyside, who must tender work through the local authority, also have to appoint consultants following a formal process. As a Pathways Objective One partnership director noted:

“We are part of the city council, we therefore have to abide by the standing orders of the council, which have very strict tender procurement exercises. If I want to tender for something, I have to agree a specification with them.” (September 2001)

After the tendering process, interested consultants are then required to write a proposal that meets a number of key selection criteria, which are set out in the brief by the commissioning body. The interviews with commissioning bodies on Merseyside reveals a range of factors that contribute to the choice of particular consultants. These include being able to demonstrate a successful track record; the professional expertise and experience of individual consultants within a consultancy firm; a consultancy’s experience from working with specific groups or organisations and finally financial considerations:

“In terms of our consultancy briefs the key criteria we use for selection include the ability to deliver on time, quality of the work, have they got good quality procedures in place, previous experience in that particular field and their understanding of our objectives.” (Merseyside public sector organisation official, October 2001)

Consultants are also required to present a list of successful projects they have completed along with the details of previous commissioning bodies that they have worked for:

“Well track record is very important...It’s easier to select a consultant if you know what they’ve done in the past. That’s important, so you know what successful projects they’ve done and what’s been implemented.” (Merseyside Government Office official, September 2001)

The reputation that a consultancy firm has within the local economy would also seem to be a very important influencing factor reflecting which firms are chosen. This is especially true for work that is commissioned through local authorities and other public sector organisations within the region, where word of mouth between commissioning bodies regarding the quality of work delivered by individual consultants would seem to be an important factor affecting selection:

“By and large you are working on the basis that consultants are only as good as the last job that they do. If they do a poor quality job then it soon gets around the local authority circuit and therefore the reputation of the firm is also another very important and key influence on who we choose.” (Local authority economic development manager, September 2001)

“We would be looking at the people [consultants] who we thought are going to offer us good quality. That could be going with a company who’ve done previous work in that area and who we know from colleagues elsewhere in other organisations or from following up references that they’ve done a good job and it was delivered on time and it doesn’t go over budget.” (Public sector body research manager, October 2001)

The reputation of a firm would also seem to be important criteria in relation to local regeneration partnerships’ use of particular consultants. For example, if a firm has a reputation for winning bids and accessing regeneration money then commissioning bodies will often try and contract them to undertake this particular kind of work:

“One of the first projects we did we got a million pounds of European Objective One and some Single Regeneration Budget money for a community partnership...so we started with that and from that, if you’re successful at winning money you can’t keep the community away from your door. We were on every tender list and from then on we’ve never looked back.” (Liverpool consultancy firm partner, May 2001)

Secondly, the professional expertise and experience of consultants are important factors influencing commissioning bodies choice (Wood 1996, chapter two and Korten 1990, Appendix B). All of the commissioning bodies questioned stated that their briefs would ask for the curriculum vitae’s of key consultants delivering the work thus ensuring the quality of the consultants been selected. Moreover this is also used as a method of attempting to ensure that consultants have the technical expertise required for the work:

“You should always look at the CVs of the people who are doing the work and you make sure that it’s the people who say they are going to be doing the work that will actually be doing it.” (Merseyside Government Office official, September 2001)

Moreover, the perceived specialisms of certain firms also meant they were more likely to be used for particular types projects by commissioning bodies (Wood 1996; chapter two):

“You do tend to find and use some consultants based on what specialisms they have. So master planning will go to Grimleys or whoever else. If it’s competitiveness, economic development and business support work you’d go to your AMION, USA, KPMG and Coopers. You know your mainstream organisations, which you know can do that. If you require someone to put together something around employment and training for a particular area



you'd choose someone like CEI Research. It depends on what the brief is and it depends on what the brief is to how we actually score the people." (Local authority regeneration department manager, October 2001)

The presence of certain key individual consultants can also be a very important element influencing the choice made by certain commissioning bodies as to which consultancy firm they employ:

"Key staff within the consultancies can move on and that can affect the quality of the work that is delivered by those consultants...so the presence of certain key individuals does influence your decision on who you select to undertake work." (Local authority regeneration department manager, September 2001)

This was also important for a Merseyside based housing association manager who also indicated that commissioning bodies sometimes 'bought-in' the knowledge of individual consultants:

"To some extent we also look at the expertise of individual key consultants. You're buying in a person with a consultant, and somebody who has got a reputation rather than just taking it on people we have never heard of or know of." (November 2001)

For commissioning bodies an important selection criterion is whether the consultant is able to successfully work alongside particular individuals or groups. For example, organisations such as housing associations will often look for consultants who are able to work with local community groups:

"You need to know what other successful projects the consultants have worked on, but also if they have the experience of working with local community groups. A lot of our projects involve training and capacity-building within the local community, so this form of work experience is essential." (Liverpool housing association manager, November 2001)

Finally, the majority of the commissioning bodies questioned stated that financial considerations are a central factor when selecting consultants:

"Money and the cost factor does become a key factor in choosing consultants. Quite often the local authority will give a ceiling price, so anyone who applies above that automatically won't be considered." (Merseyside Objective One Pathways Partnership director, October 2001)

This form of financial control was also considered as a central criterion by a local authority economic development department manager, who noted:

“We will, in the first instance choose the lowest priced tender, unless there are any particular quality issues that need to be taken into account. So unless there are any quality reasons why not, we will go for the lowest tender.”  
(September 2001)

We can see, then, that there is a strong social interaction process (Wood 1996; chapter two) at work within the tendering process of consultants involved in regeneration projects. Issues such as past experience and expertise of firm's and more importantly individuals within these firm's would seem to influence the selection of particular consultants. Moreover, an element of trust in individual consultants as well as consultant's ability to work with client staff and their track record within the local and regional regeneration sector would also seem to be influential factors.

The following section seeks to expand on the work of Wood (1996) and Korten (1990) and will attempt to demonstrate that, as a result of social interaction processes, commissioning bodies have developed in-house working practices that helped to ensure value for money and quality assurance.

### *Ensuring Value for Money*

Although most commissioning bodies develop strict selection criteria for choosing their consultants this does not always lead to successful outcomes or value for money from consultancy projects (as chapter one demonstrated). However, it would seem that a number of clients that were questioned on Merseyside have 'learnt' to use consultants more effectively due to an intense social interaction relationship and having worked alongside them over a number of years. As a housing association manager in Liverpool noted:

“I guess you could say that we've have learnt to use consultants more effectively now. I suppose the main ways our use of consultants is evolving is that we are more careful now about how we brief them. We make sure that we get something that we can implement at the end of it and that they've identified ways in which we can take it forward rather than just presenting us with a series of unevaluated options.” (November 2001)

In fact, from the research interviews with commissioning bodies and also the consultants themselves, issues such as ensuring a clearly specified brief, rigorous contractual arrangements, project managing consultants and also developing effective co-working relationships between the consultants and client organisation were influential factors in ensuring tangible and sustainable outcomes from consultancy projects. Each of these will now be discussed in turn.

### ***Clearly Specified Brief***

A clearly specified and rigorous brief is seen, by both the consultants and some of the commissioning bodies that were questioned, to be an essential element towards ensuring value for money and a successful consultancy project:

“I think one of the big problems that consultants have is that there’s vagueness about the brief to start with. So in those circumstances the consultant can often end up second guessing what it is the client wants, and often the client doesn’t really realise what it wants in those circumstances, but then you might produce something, and then the client suddenly realises no, that’s not what they wanted after all.” (North-west consultant, March 2001)

“A lack of clarity in the brief can lead to a client’s expectations not being met.” (Merseyside consultant, September 2001)

Another problem can be when commissioning bodies decide to change the requirements within the brief mid-way through a project:

“Insufficient briefing or not talking it through, or shifting the goal posts half way through an assignment can happen from time to time and it does lead to problems.” (Liverpool consultant, November 2001)

The outcomes of poorly defined briefs can be that consultants do not actually deal with the issues that the project has been set out to address:

“If you leave the consultants to come in and crack on with what they think the work is about and you don’t give them a solid brief and you let them do their own work, then you do run the risk that they may in effect not answer the question and the specifications that you want. They may fall into what they think is important. So you may end up with a piece of work that doesn’t really answer what was needed to be addressed, and that can be a waste of both money and time.” (Merseyside Objective One Partnership director, November 2001)

Making sure that the brief is detailed enough to ensure consultants understand the exact requirements from the project was a crucial factor:

“Obviously you make sure that your brief is detailed enough. So if you’re saying that you’re wanting a costed business plan or a costed implementation plan, you want just that. So you specify in the brief that you need to know how the project is going to be delivered, when they’re going to be delivered

by and where the funding is going to come from and so on.” (Merseyside local authority regeneration department manager, October 2001)

“Well clearly you’ve got to write a very close specification. You need to agree your specification and agree exactly what it is you want to get out of it. I mean very often there are studies where you won’t know what it’s going to show up, but you need to be sure that the consultant that you’re dealing with has a clear picture what it is you are after and that comes from setting out a solid brief.” (Merseyside local authority regeneration department manager, September 2001)

By spending more time on the brief and communicating more with the consultants it seems that some commissioning bodies have learnt that this can lead to improved outcomes and not to a scenario where consultants are being paid to tell the client something that they already know (see chapter one). A Merseyside based New Deal for Communities partnership director expressed this view:

“We write it into the brief that the consultants have to spend a lot of time going out and meeting local people and finding out where they are up to. We also make sure that we tell the consultants where we are up to now and tell them what work has already been done. So consultants are not operating in a vacuum and telling us things that we already know.” (November 2001)

It is clear, therefore, that for achieving successful outcomes a strong social interaction process between the client and consultant is essential.

### ***Contractual Arrangements***

Another method used by commissioning bodies to structure the consultancy is through tight, formal contractual arrangements with consultants, often written into the original working brief:

“Basically you work out what you want the consultants to do, and that’s why the actual original consultancy brief is a fundamental document because that forms the basis of the contractual arrangement with the consultants...basically we pay consultants on a staged payment basis, based around the completion of certain tasks within the overall plan. We obviously expect and build into the brief a reporting mechanism whereby effectively, each stage, and there can be up to six or even seven stages in each consultancy project, whereby we are checking and making sure that we are happy before our money is released.” (Merseyside local authority economic development manager, September 2001)

“I suppose the contractual arrangement that you have is one of the means for ensuring you get what you asked for...certainly with the larger pieces of work it’s all driven by the delivery against the contract which we signed, and

if they don't deliver they don't get paid." (Merseyside public sector body research manager, October 2001)

Formal contracts between commissioning bodies and consultants often have several elements, including, most notably: how the consultant should report and feed-back information; who the consultancy firm should liaise with within the commissioning body; how often the consultant should liaise with the designated individual within the commissioning body and an agreement on when the interim and final reports should be completed. Ensuring that consultants produce interim reports would seem to be an essential part of this formal contract:

"Consultants will normally give an interim report on what's happening and that's important because it's at that point that if they're not meeting your requirements that you do something about it." (Local authority regeneration department manager, September 2001)

This form of agreement was also emphasised by a Merseyside Objective One Pathways partnership chairman who felt that the contractual stage was vital towards ensuring value for money:

"There should be some sort of formal arrangement that should be drawn together once people are appointed. Saying how they're going to feedback, who they're going to liaise with and how often. These kind of arrangements are very important if you're looking to get value for money from the work consultants do." (January 2002)

### *Managing Consultants*

Some of the commissioning bodies questioned stated that in order to achieve value for money, strong project management procedures needed to be carried-out with the contracted consultancy. In fact, one of the commissioning bodies stated that the consultancy reports that end up 'sitting on shelves' are those that have not been properly project managed by the commissioning organisation:

"I think the weakness is that sometimes a manager or director will tell you to get a consultant in to help you to do a project. But if you do that without having the time to properly project manage it, then you get a piece of something back that you can tick off but actually it's not that deliverable and those ones just end up sitting on a shelf." (Merseyside housing association manager, November 2001)

As such, commissioning bodies recognised that they also had a part to play in ensuring quality outcomes from consultancy projects and that strong project management was vital:

“The problem is with some community organisations when they first take on a consultant is that they say ‘great we don’t have to worry about that anymore. We don’t have to worry about any government deadline and we don’t have to worry about an action plan, they’ll go on and do it.’ Well no they bloody well won’t. Particularly if you’re stupid enough to pay them without checking to see if they’re doing it right...You have to treat a consultancy in a project management way. If one of your staff is doing a project you talk it through with them once a week, you make sure that they’ve got everything that they need and they’ll tell you if they’re having a problem. The same kind of thing should happen when you use a consultant.” (Merseyside voluntary organisation director, November 2001)

“Project management is the key really, when you’re working with consultants. The project management of working with consultants is normally the trickiest bit. Just to make sure that they are exactly in tune with what you are looking for. I think that sometimes that is the hardest part because sometimes you’re buying in their experience. But by buying in that experience you actually can just end up buying a copy of some of their previous work, which they in effect just cut and paste and sell back to you. In which case you’re buying x, y or z’s consultancies work, rather than a piece of work that you were really looking to undertake. So you do have to make sure that you are really getting out of it what you want and one of the main ways of doing that is by properly managing the consultants who you are using.” (Merseyside public sector body research manager, October 2001)

Expanding on this the respondent explained that such problems were more likely to occur with larger national consultancy organisations that had set methodologies and reporting methods:

“That’s the reason for not always going for one of the major, or what could be seen as one of the more national companies because you tend to buy into their model, their proposal. Where if you go for a more local company you get something more tailor made.” (October 2001)

There was a strong view among commissioning bodies that a failure to manage consultants had resulted in sub-standard reports and projects. As the manager of a Merseyside based Single Regeneration Budget partnership noted:

“I think getting value for money has been a big issue for us really when we’ve used consultants. Looking back over the last three and a half years I think there are some contracts that could have been managed better really. I think there is a danger, particularly if it is a consultant that is retained or has been used before, that sometimes you have a bit of complacency slipping in. On occasions I have had to become a bit heavy handed in the end and said that I’m not happy with things.” (October 2001)

A Liverpool housing association manager also suggested that consultants, which were not tightly managed, were the ones that were most likely to produce sub-standard reports or projects:

“It does seem to me that consultants are only any good if they are well managed and the ones that don’t work well are where they are not well managed. I think that we’ve had some good consultants in here and if we’ve not managed them well, then they’ve not worked to their best. On the whole we’ve made some good appointments and we’ve had some very good consultants as long as they are well managed. But when it does work it brings excellent value for money and it is valuable to us because they do bring in fresh ideas.” (November 2001)

Linked to this process of successful project management a vital ingredient in the social interaction processes between commissioning bodies and consultants on Merseyside was the view by the majority of commissioning bodies questioned that developing a co-working relationship with consultants was vital towards securing value for money and successful outcomes from consultants work.

#### *Developing a Co-Working Relationship*

In the process of deciding which consultants they will employ for a project an influential factor for some commissioning bodies is whether they are going to be able to work successfully alongside a consultancy:

“It’s a fairly pragmatic relationship, really, and I think that part of the process when you’re looking at the tenders is, can I work with these people? Or when you’re speaking to them on the phone, when maybe they’re drawing up their proposal, are these people the kind you’re going to have a constructive working relationship with? Or are they too busy trying to sell their product?” (Merseyside public sector body research manager, October 2001)

“You almost have to make a judgement as to who you think is capable of adopting that type of co-working ethos and who isn’t. Who can you work with and can they work with you and are they willing to work in that way. Some consultants won’t. Some of them are more down the old fashioned route of ‘give us a brief and we’ll go away and do it, we’ll bring you the report back and then you give us the money.’” (Local authority regeneration department manager, September 2001)

Most of the commissioning bodies questioned felt that they preferred not to work with consultants in this fashion and stated that the benefits from developing a co-working relationship was that consultants were then able to understand more clearly what the requirements of the client organisation were. Moreover, certain individual commissioning

bodies felt that this form of social interaction process facilitated the development of more tangible outcomes from consultancy projects:

“There is the fact that New Deal for Communities has been called New Deal for Consultants in areas other than here. Our residents have got such a strong ownership of the scheme that they’re not going to give their money away to organisations who they don’t think are going to give their monies worth. We’ve got a responsibility to make sure that their getting value for money...It’s about working in partnership with consultants and making sure our agenda and their agenda is quite coordinated. If you don’t do that you end up with a nice glossy report that ends up sitting in a bookcase and what use is that to anyone?” (Merseyside New Deal for Communities community development officer, November 2001)

A Merseyside local authority regeneration department manager and the chairman of a Pathways Objective One partnership on Merseyside also stressed that developing a co-working relationship with a consultancy was central to gaining value for money from projects:

“The way that we always tried to use consultants, although it’s not always possible to do this, is to have them working with you rather than for you. So you’re not handing them a brief and then they shoot off and then come back six weeks later with a draft report and you look at it and say ‘well that’s not what we wanted at all.’ Where you run consultancies that way i.e. you work alongside them, and they become part of the team basically they tend to be the most successful ones and you can actually get value for money out of them.” (September 2001)

“Our best projects have been when we’ve co-worked with the consultants...the way the work is done is more of a partnership approach.” (January 2002)

This process of developing co-working relationships with consultants can sometimes lead to commissioning bodies repeatedly using the same consultancies. As the work of Lundvall demonstrated (1988; chapter two). This certainly becomes apparent between some commissioning bodies and their consultants in the regeneration sector on Merseyside and would seem to generate better value for money and outcomes from projects:

“It’s important to have a good relationship with your consultant. If you have a good relationship with your consultants then both of you will get more out of the relationship over a long time...we’ve built a good working relationship with a local consultancy and there’s a lot of mutual trust between us and you just get better value for money overall I think. ” (Merseyside Objective One Pathways Partnership director, October 2001)



This emphasis on developing close working relationships, especially with local consultants, was also evident within the local authority departments that were interviewed. The benefits that these relationships could produce through consultants offering continual 'after care', as opposed to parachuting in and out of areas (see chapter one), were seen as important factors in producing value for money:

“On some pieces of work you want to, and this is something in favour of using local consultancies and those you've built a good relationship with, you want to know that they're going to be around after they've finished. So it's not just a sharp cut off at the end of it, but they're there to be able to provide some continuing advice around it if necessary.” (Merseyside local authority economic development department manager, September 2001)

Another local authority regeneration department manager on Merseyside also highlighted the value of this form of client-consultant relationship:

“One of the things that makes a good consultancy is when you have that continuing involvement a good working relationship. You don't just leave it and then forget about it. There is almost some form of after care if you like from the consultant.” (September 2001)

As such, many commissioning bodies within Merseyside have learnt that ensuring consultants 'leave something behind' can be an essential element in any consultancy assignment, be that either through some form of capacity building or making sure that a project is implementable after it as been completed:

“Consultants are often parachuted in and they come in and do the work and then they go. You've got a nice glossy report, but they've made no real impact or no real connections to the local community. The way we've now done it has worked really well. The local people are identifying the problems and we integrate this into the consultants work. We also make sure that the consultants work closely with the community groups and the different local task groups that we've set up.” (Merseyside New Deal for Communities community development officer, November 2001)

Many community partnerships in Merseyside try and ensure that there is an element of capacity building in the projects that consultants deliver. More often than not this involves the consultants working closely with local residents and groups:

“When we can and where it's appropriate we will try and get consultants to work alongside, not necessarily people from our team, but where there is actually some capacity-building needed...you want them to leave not just a report, but you want them to leave some of their capacity as well. For instance, I've got consultants working on an SRB appraisal and I've asked

them to work closely with our SRB appraisal group, which is made up of local residents.” (Merseyside Single Regeneration Budget manager, October 2001)

This form of capacity building was also evident in another consultancy brief set up by a Merseyside New Deal for Communities partnership for the preparation of a baseline analysis. This work involved an element of survey work and, as part of the brief, the consultant was required to train local residents to do the survey work. As the New Deal for Communities partnership director stated:

“When it’s appropriate we will build a degree of capacity building into the brief. So for example, we’re undertaking a revision of our baselines and it’s a job that needs to be undertaken fairly quickly and it’s fairly technical job in terms of desk work and getting access to databases, both national and local...there’s going to be an element of survey work in that and we’re going to insist that the consultant employs and trains local residents in that part of the brief. So we do ask consultants to undertake capacity building as part of their work on some projects.” (November 2001)

Other ways commissioning bodies within Merseyside have been ensuring value for money and tangible outcomes is ensuring that consultant’s also include an implementation plan as part of their assignment:

“If we get consultants to work with us on a project, we’d look to them to produce an implementation plan as one of their outputs from the consultancy. In the case of setting up a community business, this might include a business plan.” (Merseyside housing association director, November 2001)

Therefore, making sure consultants deliver an evaluated and implementable edge to their assignments would seem to be an important way in which some individual commissioning bodies have learnt to use consultants more effectively, and as such develop, through social interaction, a degree of ‘social learning’ (see Vermeulen 1997; Hassink and Lagendijk 2001; chapter two). In this ‘social learning process’ commissioning bodies have ‘learnt’ to use consultants to ensure tangible outcomes and value for money.

#### **4.7 CONCLUSION: LINKING SUPPLY AND DEMAND**

The restructuring of state activities is a central factor in understanding the demand for and supply of consultants in urban regeneration. Moreover, the growing complexity and sheer volume of new regeneration initiatives coupled with the lack of resources, expertise and knowledge, amongst many of these local governance agencies, to deal effectively with the

responsibilities placed upon them by central government, would seem to have created an opening for the rise of a professional regeneration consultancy service sector. As one Northwest consultancy director stated:

“There’s been a general increase in the volume of work. Certainly in the last three to four years, mainly because of the Government regeneration programmes and public bodies such as local authorities contracting-out the work...there are more schemes around and that’s what’s generally drawn consultants into the net. Simply because there are far more around than there were five to ten years ago. So there is more competition and there is a bigger market.” (April 2001)

Moreover, changes in Government policy and thus in the bodies involved within regeneration, as a whole, are reflected in the work and market activity of many consultancy firms involved in regeneration. For example, some consultants are now located in areas where they can ‘tap-into’ the public sector market, such as the Regional Development Agencies. While others have located themselves within local markets where there is an abundance of regeneration related work, such as in Merseyside.

Central government emphasis on joined-up thinking within the regeneration of regions and local communities (Tisedell and Allmendinger 2001; Appendix H) is also mirrored within recent developments in the consultancy market. For example, firms are increasingly collaborating on regeneration programmes, especially more holistic projects, which require both a physical and social development focus. Many of the consultants questioned with skills and expertise in urban design and architecture had close working relationships with firms and freelance individuals who had skills in community consultation and more ‘people based’ forms of consultancy, and vice versa. A partner of a Merseyside based architectural and urban design consultancy provided an example of this collaborative working on regeneration projects:

“From the mid 1990s onwards we got involved in wider community regeneration plans, in partnership with two other agencies. One was TPAS (Tenants Participation Advice Service) and the other was a firm of social regeneration consultants. The idea was to bring together physical regeneration of the environment alongside community regeneration, through capacity building with local people, alongside local economic regeneration. And this is the beginning of this joined-up thinking that you hear a lot about these days...so some of that thinking has gone into Government policy.” (April 2001)

Another related development between supply and demand has been the parallel development between smaller scale area-based regeneration initiatives (see Appendix H) coupled with the

growth of local and freelance consultancies in recent years. For example within Merseyside, local community-based regeneration partnerships and groups requiring feasibility studies, business plans or bid applications for funding, will often use smaller more flexible, cheaper and locally-based consultants who also have the added value of 'local knowledge' and expertise. Moreover, this issue of local knowledge and expertise would also seem to be an important factor within large community consultation projects, where national consultancies may use more locally based firms and individuals due to their specialist knowledge and networks with local communities and organisations.

This analysis of the supply and demand for consultants on Merseyside has also demonstrated that commissioning bodies reasons for using consultants usually stem from one or a combination of the following: a lack of in-house resources, a lack of time, the need for appropriate expertise and knowledge or the need for an independent and objective view. Finally, some, larger consultancies, are used due to their strong linkages (networks) and knowledge of the 'regeneration industry' and local economy, as a whole. As such, the roles of consultants can vary significantly as advisers, facilitators, trainers, project managers, independent evaluators or indeed 'seconded' working members of staff.

Therefore, a central argument is that while state restructuring process has pushed many regeneration responsibilities on to local government, public bodies, such as RDAs, and even local community based regeneration partnerships, their capacity to develop the regeneration responsibilities is limited. As such, the public sector has become increasingly dependant on private consultancy firms, and university consultancy units, to deliver their regeneration remit.

Moreover, this chapter has demonstrated that a lack of *direct* knowledge transferral and learning exists between these governance actors, leading to consultants being continuously used as key local animateurs within the regeneration process, *indirectly* transferring knowledge and lessons of best practice between these actors. However, the evidence presented here suggests that there remains a lack of consolidation and direct sharing of this regeneration knowledge between governance actors, for example, between local regeneration partnership and local authorities, and combined with their lack of in-house capacity, has continued to offer a market for consultants of all sizes within the regeneration sector.

# **CHAPTER 5**

## **THE ROLE OF A LOCALLY BASED CONSULTANCY ON MERSEYSIDE: A CASE STUDY OF ALPHA.**<sup>1</sup>

### **5.1 INTRODUCTION**

While chapter four highlighted the wider supply and demand forces operating between consultants and local governance actors within the regeneration sector on Merseyside, this chapter offers a deeper analysis of this relationship through a case study analysis of a local consultancy firm. Taking an in-depth look at the activities of a firm that operated during the first round of the Objective One process on Merseyside, between 1994 and 2000, the chapter explores how this demand and supply interaction affected its development. In doing so, the analysis further illustrates and expands on the key points made in chapter four in relation to the supply side and the restructuring of the local consultancy market, in relation to the demand side and the reasons why consultants have been used by their clients, and in relation to knowledge and learning processes within the local regeneration sector. However, while chapter four offered a general overview of these activities, this chapter, through its case study analysis of one firm, traces how these demand and supply forces within the regeneration industry on Merseyside have evolved. By exploring this interplay and understanding how it has affected one particular consultancy firm, it is possible to shed further light on understanding the role of consultants within local urban regeneration.

The chapter will therefore begin with a summary of the case study consultancy firm, highlighting the supply and demand based reasons leading to its establishment. Using a mapping exercise (see Appendix F), the chapter will then explore how, and in what capacity, the firm became involved in local economic and social regeneration on Merseyside over a five-year period, between 1995 and 2000. The chapter concludes with a case study example exploring the relationship between the consultancy and one of its clients to demonstrate the nature of consultant-client relationships and also to highlight the multiple roles some consultants can play in regeneration.

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<sup>1</sup> The name of the company remains anonymous for confidentiality reasons

## 5.2 ESTABLISHING ALPHA: KEY SUPPLY AND DEMAND FACTORS

Set up in late 1994, and based in central Liverpool, Alpha was a consultancy firm established to provide services within local economic development to organisations involved in economic and social regeneration. The firm was made up of four senior partners, all having experience of working within the public and private sector in the fields of economic development, regeneration, labour market policy, housing and community development. The individuals knew each other from having previously worked in the consultancy field; three for North West based consultancies while two had worked together as freelance consultants on a number of regeneration-based housing projects.

Several factors contributed to the decision to set up Alpha in Liverpool. A key influence was the fact that all of the partners already lived within the Merseyside area. Two of the partners were born in the region, and the other two had worked and lived in the city-region for a number of years. Locating themselves within the region, therefore, seemed a logical move. As partner A argued:

“There were some simple and mundane reasons for setting up. We all lived in the area on Merseyside...it was like working in our home patch.” (October 2002)

Although this could be perceived as a ‘mundane’ reason, a more knowledge-based factor also attached itself to this decision to locate in Merseyside. The fact that all of the partners had lived on Merseyside and worked in the region over a number of years, meant that all of them had in-depth knowledge and experience of socio-economic and political issues and developments on Merseyside. This could be seen therefore, as Porter (1990; chapter two) suggests, as providing the firm with a potentially critical supply-side competitive advantage, in that this local knowledge and experience could be applied to the regeneration work that they undertook in the area. As partner D argued:

“I think that another thing that gave us an advantage was about our knowledge of Merseyside. Two of the partners were born here and I’ve lived here for twelve years now. You just have a better idea than someone elsewhere of how things happen and what makes things work and what’s possible, what’s not possible and what’s not even worth thinking of...you do a job in that context, you bring all that experience and understanding in a general way to the job.” (October 2002)

The close understanding and knowledge of the region was seen by the partners as providing them with a possible competitive advantage that had not traditionally been enjoyed by

consultancies operating in the Merseyside area in the past. These 'outside' consultants were often seen as 'parachuting' into the region (see chapter one) and then disappearing again as soon as their work had been completed. Alpha felt that their approach would be more favoured within the Merseyside region by potential clients. As partner A suggested:

"The big organisations who'd been providing consultancy in the region were outside of Merseyside and were looking to parachute in. This was generally, from all our experiences, not the best way to approach clients in Merseyside, who tended to feel that they get a raw deal with outside organisations coming in to do the work and then disappearing again....over many years they'd been saying 'well we are looking for people who actually know what's going on in Merseyside and who understand the ways things work or don't work, and who have a sort of appreciation factor about the local politics, both with a small 'p' and a big 'P', about how things work. We want to employ consultants who have some appreciation of that because without it you can only scratch the surface a lot of the time and not really get to grips with the real issues.' So it was definitely an opportunity for us." (October 2002)

The importance of local knowledge was recognised by a local authority regeneration manager on Merseyside:

"I think local knowledge is important. Especially when you're looking at local issues and about ensuring that the local community access the jobs and those sorts of issues. You need to have people who understand locally what the barriers are and who can get in and talk to the people as well. So it's about accessibility." (September 2001)

Using local consultants due to the added local knowledge that they possess (see also chapter four) is also a central factor why one Liverpool based housing association has a policy preference to use Merseyside based firms:

"We use Merseyside based consultants partly because of the local knowledge they offer and also the size of the projects. Generally the projects that we work on with local consultants are smaller, but with them you get the expertise, skills and we've employed a bit more capacity in that area." (Director of Merseyside housing association, February 2002)

However, other more market-based demand-side factors also consciously drove the individuals to consider setting up a more formal company arrangement. As partner B indicated:

"There was a lot of work out there and on an individual level we couldn't cope with the demands, so it was going to be more productive to operate on more of a team basis." (October 2002)

Another important contributing factor leading to the establishment of Alpha was a shared interest amongst the partners in regeneration. This interest of course had a strong link with

current regeneration policy and therefore coincided with the partners' decision to set up a more formal company arrangement. As partner A stated:

“I wanted to keep working in social policy and the social development area of the bigger picture. I think that's what we all had in common. We were more focused at that end of the spectrum of interest than anywhere else. It was fortunate in a way that that chimed in with the development and thinking on Merseyside and among other Government and European funding bodies that that end of the spectrum was where they wanted to put more emphasis. We would have done what we did anyway, but we were just fortunate we found ourselves in a really expanding market area because of policy change.”  
(October 2002)

Once again here, as was demonstrated in the previous chapter, changes in Government and European policy have been the central demand-side factors influencing the nature and types of consultancy firms setting up on Merseyside and would seem to have significantly contributed to the competitive advantage of Alpha during their first year in operation. As partner D noted of the firm's successful first year:

“We made a target for our turnover for the first year, and we exceeded that in our first six months.” (October 2002)

The final contributing supply-side factor resulting in the setting up of Alpha was the fact that there were not a significant amount of locally based direct competitors to the company in 1994. Other than a limited amount of individual freelancers, Merseyside and Liverpool in particular, did not have any formally established consultancy firms specialising in local economic and social development. As partner B indicated:

“I'm not sure that there were any local consultancies around at that time, only two or three individuals who were freelancing.” (October 2002)

Although there were several reasons why the Alpha consultancy was set up, key supply-side factors such as having local knowledge and a combined expertise and interest in the field of social and economic regeneration, which were relevant to the growing policy environment surrounding area-based regeneration (see chapter one) placed the collective partnership in a potentially strong market position within Merseyside, and therefore contributed to the decision by the individuals to form the consultancy firm.



### **5.3 THE PARTNERS: PROVIDING A *SUPPLY* OF KNOWLEDGE**

Alpha's partners came from various academic and professional backgrounds, although as the breakdown in their various academic and work experience reveals, the partnership had a strong body of knowledge in the broad field of economic and social regeneration, which stemmed from the partners' related although slightly different areas of expertise.

Partner A had graduated with both a degree and Masters degree before working as a researcher at two Northwest based university geography departments during the 1980s. During this period partner A undertook a number of research and evaluation based studies for large public sector bodies, such as the Manpower Services Commission (later part of the Department for Education and Employment), other bodies running youth training programmes during this period, and the Training and Enterprise Council's (TECs). As partner A describes of his early consultancy career:

“The sort of consultancy work that I started doing, and continue to do right through, was generally along the lines of research and evaluation studies, either for programmes or particular initiatives. So I started in the field in the early 1980s in the university sector...the whole TEC revolution in delivering and managing training in the late 1980s was a major area that we got involved with.” (March 2001)

Partner A left the university sector during the early 1990s to join a large Northwest based consultancy and was again involved in research and evaluation work with public bodies such as the Training and Enterprise Councils (TECs). This academic and professional background meant that partner A brought a particularly strong knowledge and expertise in research and evaluation techniques, within the socio-economic development field, to the Alpha partnership.

Partner B attained a doctorate in the late 1980s. This research (a collaborative Economic and Social Research Council funded grant) specifically explored issues surrounding social housing and regeneration. After lecturing for two years the partner began working as a consultant in 1991, joining a Merseyside based consultancy firm, which specialised in social policy. Before forming Alpha, partner B also worked as a freelance consultant for a short period, again working on many social housing and housing association-regeneration related projects. As partner B explains, the fact that housing has become a prominent element within contemporary regeneration policy (see Appendix H) has meant that her academic research background has given her an expertise and a body of knowledge that she has been able to apply and use effectively within her consultancy work:

“A lot of the work that I do has come a full circle from the academic research that I originally did. My academic research centred around housing

associations and my interest lay with social housing. With housing recently lots of housing associations are now very much involved in regeneration work and have diversified into community development. My skills are complementary to these developments.” (February 2001)

As well as delivering projects for UK based housing associations, Training and Enterprise Councils and tenants associations, partner B has also been employed on numerous European Union funded projects in Eastern Europe for the PHARE programme. Partner B was engaged in projects reviewing the needs of the elderly population, through transnational exchange programmes in Slovakia and Poland. These concentrated on social service department and social housing policy related initiatives.

Therefore, from her experiences, both in academia and the private consultancy sector, partner B brought to the partnership strong experience of, and professional expertise in research, development and evaluation work in the employment, economic development and social policy fields having worked with a wide range of clients from the public, voluntary and community sectors.

Partner C has both a degree and a postgraduate diploma and worked extensively within local economic development, as a consultant and also from within public, private and the voluntary sector, before becoming an Alpha partner in late 1994. In the early 1990s, partner C was awarded a scholarship and travelled extensively within the United States of America researching regeneration in low-income neighbourhoods and looking specifically at the role and establishment of Community Development Corporations. As such, partner C’s specific expertise and skills included a practical working knowledge of local employment, training and enterprise initiatives, with a strong community focus.

Partner D graduated with a degree and a Masters degree in economics in the early 1980s before moving on to senior positions in private sector economic development consultancy practices. Although, as she explains, moving into consultancy was not a conscious decision for her:

“How I got into consultancy was a pure fluke really. I didn’t have a career path where I thought I was going to be a consultant. I was doing research, though not in an academic sense...it was for an organisation which sort of provided information and support for mainly public sector organisations involved in regeneration.” (February 2001)

From here partner D went on to hold senior and principal consultancy positions with North - west based consultancies before setting up Alpha in 1994. Prior to setting up the partnership she had worked extensively on consultancy and research assignments on behalf of a variety of public, private and voluntary sector clients including local authorities, Training and Enterprise

Councils (TECs), community organisations, Department for Education and Employment (DfEE), City Challenge and Single Regeneration Budget (SRB) partnerships and also the European Commission. Coincidentally, like partner B, partner D also had experience from working in Eastern Europe in the early 1990s. The private consultancy that she was being employed by had been commissioned by an economic development agency, based in Poland, to work on the PHARE programme to develop monitoring and evaluation systems. The consultancy project she worked on specifically looked at how economic development money was being spent and how projects were being, and could be, developed in the future.

Partner D brought a 10-12 year private sector based consultancy expertise to the partnership having worked in numerous aspects of economic development over the years and having built up a knowledge of working on regeneration projects for bodies spanning across the public, private, voluntary and the community sector. Moreover her knowledge and technical expertise had been used on a variety of scales, from the local, community-based level through to the international level of economic development.

It is clear that all of the consultants have a high-level of educational attainment and thus a strong grounding in what (Bell 1973; Goldblatt 2000; see chapter two) refer to as 'theoretical knowledge'. As partner A states:

“We are selling intelligence a lot of the time and you know you can't engage in this work without having a decent brain to do so.” (October 2002)

Prior to forming Alpha, the theoretical knowledge (see Bell 1973; chapter two) of the partners, grounded in UK higher education system and the economic and social sciences, had been developed and applied to undertake a wide range of key professional roles in relation to economic and social processes operating across a range of sectors and societal levels. In forming Alpha the individuals sought to bring together this related, but wide-ranging expertise and experience to form a company that could offer a crucial supply-side response within a growing regeneration industry on Merseyside.

## **5.4 THE STORY OF ALPHA: EVOLVING SUPPLY AND DEMAND INTERACTION**

When Alpha first came together in late 1994, many of the partners still had uncompleted projects that they had been delivering in their freelance capacities. Therefore, as partner A explained, their first task was to complete this work and thereafter any new work that was tendered for would be done so collectively, as a partnership:

“We came together as the individual founding partners at the end of 1994 and at that point we had sort of a transitional period. So at the time we were all working as either employed or self-employed on various projects so we had to work in-hand for everybody that we were working for under our own account. So we continued finishing off that work and any new work that came up we looked at collectively with an eye for the partnership taking anything new forward.” (October 2002)

The coming together of the partnership with individuals who had already established themselves within the consultancy field meant that the firm’s partners did bring particular clients with them with whom they had built professional relationships (see Dawson 1999, chapter two) in their previous freelance or company positions. As partner A describes:

“Due to our different backgrounds we brought different contacts, live contacts with us to the partnership. For instance, partner C had worked with a locally based organisation with a history and well-known track record in community regeneration. The sort of contacts that me and partner D brought from work we’d done with other organisations was more, or tended to be less local, but relevant. In my personal case I’d been doing work at the university, and so there were live contacts within the Training and Enterprise Council’s (TECs) and there were also clients where I’d done bits of work on Merseyside in the past.” (October 2002)

This chapter’s account of Alpha begins by looking at the period from when the consultants began working and winning consultancy contracts as a more formal partnership team, during the beginning of 1995. The mapping exercise (Appendix F) summarises Alpha’s consultancy activities on Merseyside over this five-year period, between early 1995 and the beginning of 2000. It demonstrates that the consultancy firm was extensively involved within local economic and social regeneration with a variety of clients spanning across the public, community and voluntary sector and also the private sector (see Table 5.1). As partner B describes:

“The majority of our work was all very locally based. It was Liverpool and all concentrated in and around Merseyside. It was mainly for [Merseyside based Pathways Objective One and SRB partnerships]<sup>2</sup> that we did a lot of early work.” (October 2002)

This involvement within local economic and social regeneration become the central hub of Alpha’s work, and as this profile of the firm will reveal, it strongly influenced the direction and development of the firm during its five years period, to the extent that it not only contributed to the firm’s early successes and growth, but was also one of the key factors that led to the firm’s ultimate (fragmentation and) restructuring.

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<sup>2</sup> The names of the partnerships have been kept anonymous for confidentiality reasons.

**Table 5.1: Alpha's Clients 1995-2000**

<b>Regeneration Partnerships</b>	<b>Private Sector/Sub-contracted Consultancies</b>
Blackburn City Challenge	Blake Stevenson
Dingle 2000 SRB Partnership	BEP
Employment Links	ECOTEC
Halewood Pathways Partnership	EDAW
Huyton SRB Partnership	Grimley
Liverpool East Area Partnership	KPMG
Liverpool City Challenge	North West Water
North Liverpool SRB Partnership	Oscar Faber Transport Consultants
Parks Partnership	PS Consultants
Queens Partnership	Taylor Young Partnership
Speke Garston Development Company	Wilkinson Hindle Halsall and Lloyd Partnership
Speke Garston SRB Partnership	
Stanley Partnership	
	<b>Housing Organisations</b>
<b>TECs/Chambers of Commerce and Enterprise</b>	Irwell Valley Housing Association
Merseyside Training and Enterprise Council	Liverpool Housing Action Trust
North East Wales Training and Enterprise Council	Maritime Housing Association
North London Training and Enterprise Council	National Housing Federation
St Helens Chamber of Commerce	National Tenants Resource Centre
Sunderland Training and Enterprise Council	Positive Action for Training in Housing
Wigan Chamber of Commerce	Supported Housing Consortium
	Riverside Housing Association
<b>Government Departments/Agencies</b>	The Housing Corporation
Department for Education and Employment	<b>Local Authorities</b>
Department of Social Security	Hereford City Council
English Partnerships	Knowsley Borough Council
Government Office for Merseyside	Liverpool City Council
Home Office	Sefton MBC
Probation Service	St Helens MBC
	Rochdale MBC
<b>Community and Voluntary Sector</b>	Wirral MBC
Garston Community Council	<b>Miscellaneous</b>
Garston Historical Society	Fairplay for Women
Huyton Credit Union	Merseyside Drug Prevention Team
The Social Partnership	University of Liverpool
Norris Green Community Health Forum	
Parks Economic Development Agency Ltd	
Walton County Tenants Association	
Wigan and Leigh Council for Voluntary Service	

### *A Demand for Consultants: Alpha's Early Years (1995-1997)*

As can be seen from the mapping exercise (Appendix F) Alpha was strongly influenced by the European Objective One process on Merseyside, which presented itself as an opportunity for the partnership to become involved at the very grass root level of social and economic regeneration. As partner A explains:

“The Objective One programme was a very exciting thing. It was new and it did offer opportunities to get in on the ground level and to be part of something that was innovative and different from what had happened before.” (March 2001)

With the establishment of Objective One on Merseyside in 1994, Alpha's work quickly became dominated by projects that were delivered for either local authority departments or Pathways Objective One partnerships that were involved in the programme. As partner A describes:

“When we started, all four of us were engaged in the start up of the Pathways programme and Objective One. That dominated the first year of working.” (October 2002)

In fact, in 1995 alone, 79% of the total number of projects that Alpha worked on, within the local regeneration sector, were related to the Objective One programme. Between March 1995 and December 1997 Alpha undertook approximately 60 projects within local economic and social regeneration and just over half of these were related to the Objective One programme. In addition, during this 1995-1997 period Alpha also began to work alongside many Single Regeneration Budget (SRB) partnerships. As partner A describes:

“I think the major move in the Merseyside area was the merging of the SRB partnerships within, but separate from, if you like, the Pathways process and the whole Objective One juggernaut. In some ways this process was parallel to us getting involved... and really that's where a large number of our contracts came from.” (March 2001)

In fact, as partner D highlights, the learning process that Alpha had been through via the early Objective One partnerships meant that the firm were able to use and transfer this knowledge (see Hassink and Lagendijk 2001, chapter two) and expertise, not only to win SRB related contracts but also in developing specific SRB projects that they then worked on:

“We'd been through a learning curve with the Objective One process, so we were adding value when we were bidding and pitching for SRB work.” (October 2002)

Indeed, an analysis of the mapping exercise reveals that over 60% of the firm's contracts, within local economic and social regeneration, during 1995-1997 stemmed from either Objective One or SRB related projects, reinforcing the argument in chapter four, that the establishment of new governance structures under programmes such as the SRB and European Objective One programme inevitably created a local demand for consultants.

*Supplying the Demand: The Nature of Alpha's Involvement (1995-1997)*

The majority of the Objective One projects delivered by Alpha were carried-out directly for local authority departments or for local regeneration partnerships, such as Pathways Area Partnerships. Although the local authority funded many of these Objective One partnership projects, the Pathways Objective One Partnerships would control the consultancy contract. As partner B explains:

“What has come through really strongly is whereas the local authority were paying for the consultancy, it was the community group or the Pathways group that were actually controlling the consultancy.” (February 2001)

Alpha's early involvement with the Pathways Objective One partnerships involved a great deal of action planning and strategically focused work. Much of this revolved around building the regeneration partnership's capacities and operational infrastructure in order for them to function more effectively. In this sense, key roles for the consultants were as facilitators (see Skinner 1997; chapter two) or enablers. For instance, Alpha was used to set up the partnerships so that they would be able to operate within the newly established local governance structures on Merseyside (see Imrie and Raco 1999, chapter two). As partner D reveals, due to the infancy of the Objective One process in 1995, many of the local authorities and Objective One Partnerships lacked understanding of regeneration. As such, large strategic tasks such as developing action plans or community consultations were contracted-out to consultants. As partner D states:

“The first bits of locally based work were strategy level and involved working with community groups and voluntary organisations. This work focused on Merseyside and it involved a lot of hand holding and capacity building and was long term. Local knowledge was very important with this area-based work...So at the beginning of Objective One we did a lot of action plans where the contracts were bigger. There was more money to be made out of consultancy then because basically there was not a lot of expertise around at the time, so consultants were seen as been vital to the development of some projects.” (February 2001)

Therefore, during this period of Objective One, it would seem that consultants, such as Alpha, who were able to respond to this demand for knowledge and expertise in developing large strategically based regeneration-based projects enjoyed a significant competitive advantage

for themselves (see Castells 1996, chapter two). As such, and resulting from this combination of clients' lack of capacity and expertise (see also chapter four), the early Objective One period became a buoyant time for consultants (see above quote), and led to many larger scale long-term contracts for Alpha in particular. As partner B states:

“What we found was that at the start, with action planning and strategic work, we were getting £10-£15,000 projects that were running over long periods of time.” (February 2001)

The value of these larger contracts is demonstrated by Table 5.2, which shows that 28% of Alpha's contracts during 1995-1997 were worth over £10,000. In fact 10% were worth over £20,000 and 50% of these were worth over £30,000. Many of these projects included 'repeat' or on-going consultancy support to assist the overall strategic development of particular Objective One Pathways Groups. Reflecting this intense involvement, some of these consultancy projects were lasting between three and seven months (see mapping exercise, Appendix F), which led to a close working relationship between Alpha and some of its clients (see Dawson 1999; Maskell and Malmberg 1999, chapter two). A case study example of one of these relationships is discussed later in the chapter.

**Table 5.2: Value of Alpha's Commissions: 1995-1997**

Value of Projects	Total Number of Projects	Percentage of Total Turnover
Over £20,000	6	10
£10,000-£20,000	11	18
£5,000-£10,000	17	28
Under £5,000	26	43
<b>TOTAL</b>	<b>60</b>	<b>100</b>

Local authorities were also important clients of Alpha during this early period. While the previous chapter demonstrated that capacity issues were important reasons why local authorities employed consultants, another influential role that Alpha played was that of an intermediary between local authority departments and particular regeneration partnerships. As partner A describes:

“There was an intermediary element of that work between professionals in the local authority and the newly bought on board community people and they didn't always know how to talk to each other. In a way we were required to be intermediaries and we were experienced with dealing and talking with both sides. So it was kind of a middle man role as well that we had.” (October 2002)



This suggests that consultants also established an influential communication and networking role between the new governance structures (Jessop 1995; see chapter two) that were developing on Merseyside under the Objective One programme.

SRB partnerships were also a frequent client of Alpha's during 1995-1997. One of the earliest SRB projects that Alpha were involved with was to provide on-going consultancy support to a local SRB partnership in September 1995 (see mapping exercise, Appendix F). Alpha became heavily involved with the partnership over a seven-month period as it supported individual community groups within the SRB partnership area, developing funding applications and offering general support work to them. As partner B describes:

“At that point we were very much getting involved on an individual project basis as well. So in [SRB Partnership] we did some SRB work with various community groups, we did a lot of support work with groups, helping them fill in forms, helping them develop projects. Basically it was capacity building...they gave us a list of projects they wanted to support, because some of the bids weren't up to speed, so we went in there.”

This form of capacity building and support work provided by the consultants is reflective of the work undertaken by Skinner (1997; chapter two) and Hyatt (1995; chapter two). As partner B explains, capacity building, through staff replacement projects, formed a strong element of this SRB based work for consultants:

“One of the big SRB jobs that we did early on was staff replacement, I think you could call it. We worked as part of the SRB partnership's management team. We went out and worked with some of the community groups who were trying to bid for money from the SRB team. So we helped them. That was a good example of capacity building in that we worked as expert advisers on how to put together bids.” (February 2001)

Moreover, a strong element of this SRB work focused on community involvement and capacity building. Thomas (1995, chapter two) suggested that in order to reach the higher rungs of the community interaction/involvement ladder community groups require the support of an enabler and Alpha does appear to have operated in this particular role (see figure 5.1). As partner C states:

“The SRB partnerships themselves had all sorts of issues in the beginning that they needed to resolve in terms of how they operated and what their position within the community was and how they could involve the community. The whole agenda of community involvement grew in importance through the different SRB programmes...So in the early days there was a lot of consultancy work around big issues of how you work with the community and how you involve the community in the decision making

and how you ensure you get effort and projects and resources to where the community perceives that it needs them most...also how you manage things so that people feel that development has come from the community rather than been done to it.” (March 2001)

**Figure 5.1: Consultants Role on the Ladder of Community Interaction**

11.	Owning and managing local facilities [ <i>Alpha’s development of community involvement strategies; facilitating communities in bidding for funds.</i> ]
10.	Working with policy makers [ <i>Alpha acting as ‘intermediary’ between local authority and community organisations. Alpha’s delivery of community consultations and feeding information back to policy makers.</i> ]
9.	Co-operation with other community groups
8.	Joining community groups
7.	Participation in community activities
6.	Informal mutual aid
5.	Involvement in informal networks
4.	Social contacts; such as at the pub, church or community centre
3.	Routine contacts; such as picking the children up from school every day
2.	Casual contacts; for example whilst shopping or waiting for the bus
1.	Mutual recognition

***Alpha’s Transferral and Development of Knowledge***

During both this early period and between 1998-2000 Alpha also undertook some projects for larger regional and national clients. The projects were often larger in scale and the clients included nationally, the DfEE (Department for Education and Employment), the DETR (Department for Environment Transport and Regions) and also regional clients such as Merseyside’s European Liaison Unit and the Merseyside Training and Enterprise Council. These projects demonstrate how the work of a local consultancy such as Alpha can also feed upwards into national and regional level policy. However, they also highlight the importance of national and local interaction in policy development and the key role consultants have within this process. For instance, Alpha was able to use its knowledge and experience of working at the grass-root level in Merseyside in order to ‘get a feel’ and evaluate how national policy could have an impact upon local communities and individuals on the ground, thus helping to build and transfer knowledge back to the regional and national level (see Hassink and Legendijk; chapter two). As partner A describes:

“It isn’t a marketing ploy to say to large clients that we have this local level experience, because there is a real value in that. It actually makes enormous

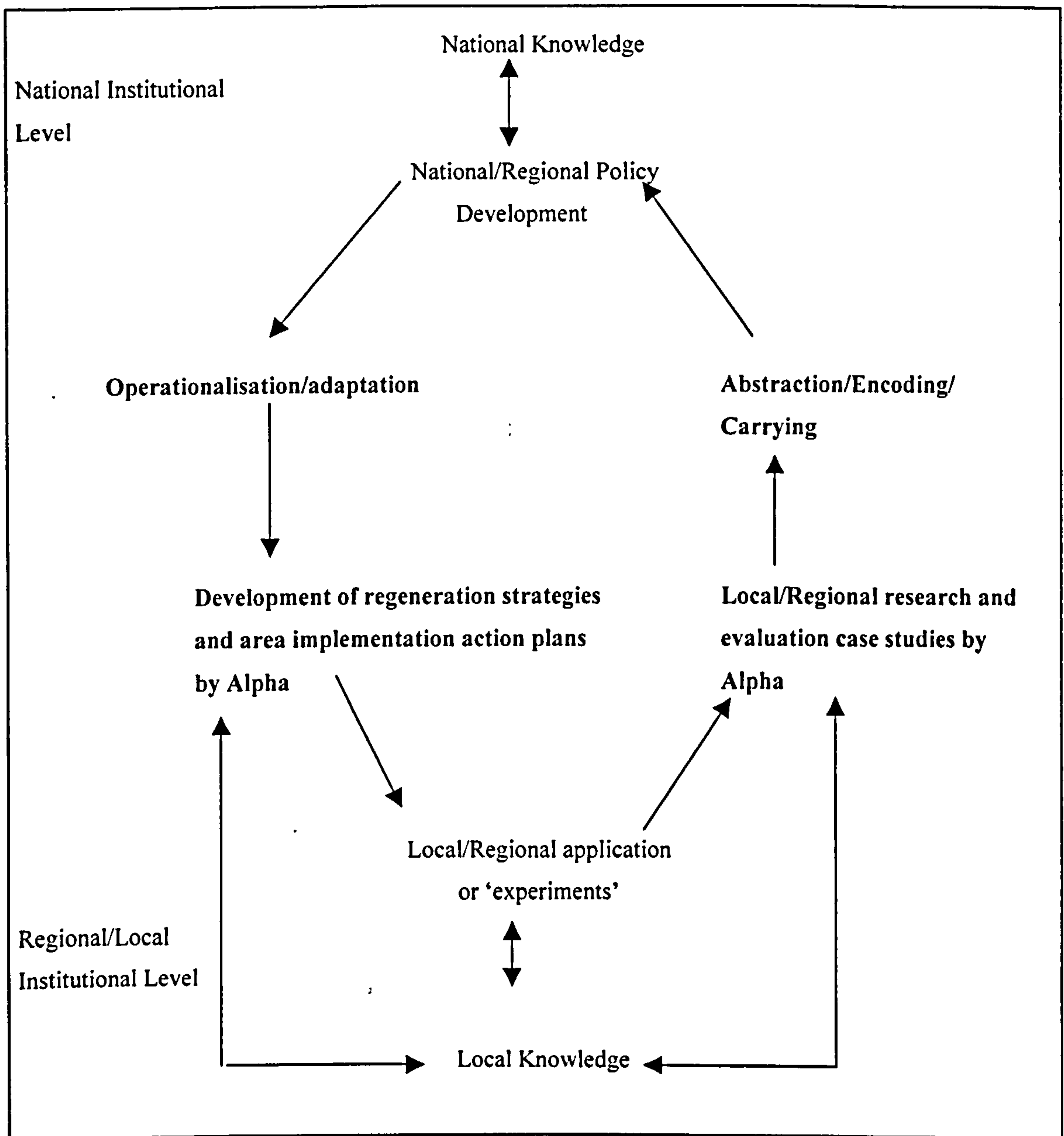
sense to get involved in the minutiae of local level delivery of services to people who are unemployed, for example, through a local project. The value that has you can take back to the issues that you address in the national evaluation of a programme can be the most valuable bits of it...so we can deal with big policy issues for large clients because a lot of the time the information that you need is from the horse's mouth if you like, at the grass root level. And that's where our experience from working at the community and local level comes in." (March 2001)

In this context, Alpha was employed by the Department for Education and Employment on evaluations for its perceived ability to bring added value to national projects through a strong practical feed-back of how policies are implemented and affect people at a very local level. As such, in this capacity, Alpha's role could be perceived as one of building knowledge and transferring lessons of good practice to the regional and national level in order to feedback into future policy development. Thus being able to link the practical local level knowledge into national policy development appears to be an important factor why Alpha, as a local consultancy, was employed on certain larger contracts for clients such as the Department for Education and Employment (DfEE). As partner D suggests:

"They (national commissioning body) saw that we were a grass-root type experienced organisation that can apply that experience to the wider policy area...so having a research and evaluation expertise combined with the grass-root level knowledge and experience was certainly how we played it in winning these contracts." (February 2001)

Figure 5.2 develops the work of Hassink and Lagendijk (2001; chapter two) to create a schematic understanding of Alpha's role within the local urban regeneration process. This model attempts to illustrate the way in which consultants such as Alpha have been employed, through research and evaluation projects, to transfer concepts and knowledge regarding local and regional impacts of national (or even European) level policies, and transferred them back to the national level of generalisation. In turn this has fed into future national policy development, which in the process of being transferred and implemented back to the regional or local level, has been intercepted again by consultants who are contracted by regional government offices, local authorities or local regeneration partnerships to devise local/regional implementation strategies and area regeneration action plans.

**Figure 5.2: A Cyclical Model of Alpha's Transferral and Development of Knowledge**



***Co-operation between Organisations***

Another reason why Alpha was used by regional, Merseyside based, commissioning bodies, was the knowledge resources it possessed as a result of the consultancy's cooperative professional working contacts with the University of Liverpool. As the work of Porter (2000; chapter two) demonstrated, clusters made up of private firms and institutions such as universities can often cooperate, as well as compete, within the market place. Partner C highlights the importance of this cooperative relationship with the University:

“I think the reason why we got some of those larger contracts was because we were able, even though we were just a small outfit on Merseyside, we were able to pull in a very good team of people that had most of their experience from Merseyside...So if we could call on three or four people from the Liverpool University Sociology Department or from the Geography Department. That connection with the University was absolutely vital.” (October 2002)

### *Changes in Demand and Supply: Alpha's Later Years (1998-2000)*

Between 1998-2000 Alpha's contracts were still dominated by Objective One process and SRB related projects. However, by this period the nature and value of these projects had begun to change. As partner C explains:

“What increasingly happened, as things got more organised with Objective One, was that the kind of work that was coming out tended to be progressively less strategic and more broken down really into small specific tasks.” (March 2001)

As such, from 1998 onwards the work that Alpha undertook became increasingly smaller in scale, was less strategically orientated, and became more specific in nature. As the mapping exercise demonstrates (appendix F), between 1998-2000 Alpha's contracts became dominated by feasibility studies, business plans and smaller bid writing exercises. As partner D indicates:

“As the Objective One programme evolved there were more feasibility studies and by the middle of the programme we undertook several bids and business plans for specific community groups. You could say that the middle stages of Objective One programme were dominated by feasibility studies and business plans.” (February 2001)

This point was also highlighted by one of the Pathways Objective One Partnership Director's on Merseyside:

“I suppose consultants are used more now for specific and more project based work. Whereas before it was more generally, where they helped people to set up appraisal systems and get the programming up and running. Now it's always some specific project. As an example, we've got a community transport project and they've been going for a year and I really want to make sure that their board is really strong and when our partnership has gone that they can survive. So I've asked a consultant to come in and do a small documentation exercise. It just needed to be done quickly and it would have taken ages for anyone from that board to have done it.” (July 2001)

In terms of the impact of this changing demand upon Alpha, the size and scale of these projects strongly reflected themselves in the firm's overall turnover. Between 1998-2000 a higher percentage of Alpha's turnover were valued at less than £10,000 and below £5,000. For example, Table 5.3 demonstrates that 82% of Alpha's projects were valued at less than

£10,000 between 1998-2000. However, between 1995-1997, as Table 5.2 demonstrates, this figure was much lower, at 71%. Moreover, comparing Table 5.2 and 5.3 also reveals that Alpha delivered far more larger scale strategic projects between 1995-1997. For instance, 28% of the projects that Alpha delivered during this period were worth over £10,000. However, between 1998-2000 only 18% of the company's turnover came from projects worth over £10,000. As partner A states:

“Towards the end of the first round of Objective One period, during 1999, jobs started to decrease in size, quite noticeably. We ended up with lots of little bits of work.” (March 2001)

Partner B also highlights the changes during this period in the nature of consultancy projects that were being tendered:

“A lot of the work moved from action planning and staff replacement down to individual smaller projects – bidding and community centre feasibility studies.” (October 2002)

**Table 5.3: Value of Alpha's Commissions: 1998-2000**

Value of Projects	Total Number of Projects	Percentage of Total Turnover
Over £20,000	2	4
£10,000-£20,000	7	14
£5,000-£10,000	20	41
Under £5,000	20	41
TOTAL	49	100

One of the reasons relating to why the nature of these projects changed could be that as the local governance structures, i.e. local authorities and regeneration partnerships, became more organised and learnt to use consultants more effectively (see chapter four), consultants were gradually been used for more highly specialised tasks which were more often than not, smaller in scale and thus lower in value. As partner D describes:

“I think that as those Objective One structures became more bedded in and they started looking for overriding management and orientation for these things there became less opportunity really to become engaged strategically. So we ended up I think, having increasingly more highly specific jobs to do rather than broad and more strategic tasks.” (October 2002)

Moreover, with certain local partnerships gradually building their in-house expertise and capacities, the use of consultants would seem to have become geared more to the delivery of specific tasks. As an Objective One Pathways group co-ordinator on Merseyside noted:

“The kind of work that we contract to consultants in the last two to three years (1999-2002) reflects the growing expertise within the organisation. Consultants are now used on a much more of a discretionary basis.” (September 2002)

While changes on the demand-side of the regeneration market, such as the nature of the consultancy projects being commissioned, were a central influence on Alpha, other supply-side factors also played a key role. Changes and developments in the nature of the consultancy market, as outlined below, i.e. more competition, the competitive tendering process, lowering consultancy fees and the form of Alpha’s partnership were also prominent factors that resulted in the restructuring of the company. However, all of these were linked to one critical factor – as the first round of Objective One on Merseyside developed, an increasing proportion of the projects that Alpha undertook were of smaller value.

A key factor leading to these smaller value projects could be that Alpha was perceived by Merseyside commissioning bodies to be a consultancy that specialised in this field. As partner A indicates:

“We were getting known locally, but we were getting known as a particular kind of organisation that we didn’t particularly want to continue being...but you have to respond to the market opportunities. But they can drag you as well, if you’re not careful, they lead you by the nose and once you start doing lots and lots of small projects around funding bids for example, there’s a real danger. People like to stick labels on organisations regarding ‘what they do.’ So there’s a real danger that you get seen like ‘they do funding applications’ and then it has a self-fulfilling process whereby all the tenders that you get are for fiddly little jobs trying to do an application for the lottery, rather than work that you would be better capable of delivering and would be better work for you.” (October 2002)

As a result of Alpha becoming gradually perceived as a company that delivered specific (smaller-scale) projects, the partnership was ‘pushed’ further down the road of delivering these types of projects as a result of the tendering process. As partner C describes:

“If you don’t get seen as an operation that operates at the more broad strategic level you don’t get invited to tender and because the whole process is driven by invitations to tender, if you’re not careful, you don’t get a chance to put yourself forward for that kind of work. In business terms as well, if four partners and two or three staff are chasing 20 or so small projects which require quite a lot of intense input, regardless of the very tight profit margin, if there is one, it also means that you don’t have time to market yourself in relation to what you’d rather have.” (October 2002)

Partner D also recognises how being extensively involved within local regeneration projects in their early years meant that the firm had been categorised to some extent with regard to the 'type' of consultancy they were used for:

“We were doing a lot of tendering for contracts outside the area and trying to break into other markets because we recognised how dependent we were on the local market...we were quite conscious that we had been pigeon holed in local work.” (October 2002)

The limited turnover from these smaller projects combined with the fact that Alpha was essentially 'top-heavy' i.e. with four senior partners delivering the majority of the work, led to decisions to expand the consultancy workforce by recruiting additional junior consultants. The first of these (junior A)<sup>3</sup> joined during 1996 as part of a six-month placement from a graduate management course at Liverpool University. She later became a full-time member of staff before leaving in 1998 to become a local authority community economic development officer. During 1997 another graduate also joined the firm for a six-month placement as a junior consultant (junior B). As partner B states of the reasons leading to the decision to recruit more junior consultants:

“For about a year and a half to two years (from 1998 onwards) the type of work that we were doing was project appraisals, development and business planning for community centres and funding applications...although you need specialist knowledge to do that work, when you're putting partners and partners' fees in at that level, it doesn't work. So the numbers of days we were doing – we actually spent more days than we actually charged out and as a consequence we didn't make very much profit with many of those jobs...The client was getting a good deal because they were getting senior people in there with a lot of expertise in smallish scale jobs...we didn't have many junior consultants at that point that we could have used at a lower daily rate. So that's when we decided to also employ juniors C and D.” (October 2002)

At the beginning of 1998 another junior (junior C) consultant joined the company full-time. She had a strong research background having graduated with a PhD from Cambridge University. Replacing junior A, the firm also recruited another junior consultant later in 1998 (junior D). Junior D was selected, not primarily because of research skills but due to her extensive network locally as she had for some time been a research assistant for a local Liverpool MP. This again demonstrates the pivotal position of providing local knowledge for the Alpha consultancy team.

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<sup>3</sup> The names of individuals remain anonymous for confidentiality reasons.



However, exacerbating the difficult organisational and operational decisions faced by Alpha were key supply-side issues, such as increased competition within the Merseyside consultancy market (see chapter four). As partner A indicates:

“By the time we got to the end of 1999 and the new Objective One programme was in the offing we had serious competition because other local consultants had brought themselves up and they were matching us in size and in profile for the kind of work we were doing.” (October 2002)

Moreover, changes in the structure of the consultancy industry locally, with the arrival of an increasing amount of freelancers who were competing with Alpha for smaller-scale projects, coupled with larger organisations that were dominating the market for larger consultancy contracts, added to the pressure placed upon Alpha, who found themselves caught between the two (see Howells and Green 1988, chapter two). As partner D states:

“We were influenced by new organisations coming into the market...we were having to compete with bigger consultants who had huge resources and who gained bigger contracts. In addition to this, we were competing with freelancers who could undercut us. Alpha was in the middle ground. We found it increasingly difficult to compete against the larger organisations and the freelancers.” (February 2001)

This increase in freelance competition, which was able to operate at a lower wage than a company such as Alpha, began to take up a great deal of the smaller-scale local work that Alpha had traditionally been delivering. As partner D describes:

“We were also competing with freelancers by the latter years and that’s why we started to struggle because the economics didn’t stack up from a company point of view. There was no benefit in the fact that four of us were working together. We could have even done the same work as we were doing by the end as freelancers.” (October 2002)

The nature of the competitive tendering process (see chapter four) also meant that Alpha was having to tender for small pieces of work, again resulting in a strain on the company’s resources. As partner C states:

“That’s the thing that killed us. You still had to tender for even the smallest contract where people knew who they wanted and yet standing orders [of local authorities] said you had to go through a tendering process.” (October 2002)

The final factor contributing to the increased pressure on Alpha finally to restructure was the effect that the increasing competition within the consultancy market on Merseyside had on consultancy fees in general. This increased competition meant that the company was forced to reduce its daily fees, which again applied pressure on Alpha. As partner D explains:

“Because we were competing with one another there was a downward trend in daily rates...I’m sure the day rates went down over the period (between 1995-2000), it certainly didn’t increase. They went down from £400 a day to about £375 and then there were the freelancers who would do the work for £275 to £300.” (October 2002)

As a result of these combined developments and pressures Alpha found itself in a position where it no longer had any significant competitive advantage. The partners increasingly recognised the commercial changes taking place in the consultancy market and were aware of the difficulties presented by their fragmented involvement in numerous small projects. These issues combined with increased overheads (critically an increased workforce), led to partnership decisions to restructure. As such, by the end of 1999 and with the Alpha partners having decided to restructure, two of the partners left to pursue other professional avenues. Significantly, one of these decided to resumé a freelance career in regeneration and another returned to employment in the regeneration sector as a chief executive of a local New Deal for Communities partnership. The remaining two partners decided to restructure the company, moving away from the local regeneration based market, and successfully re-focusing their efforts in the research and evaluation sector of the consultancy market, at a regional and increasingly national scale of involvement. The remaining Alpha staff were made redundant, but with the knowledge and experience that they had gained from working at Alpha were able to remain involved in the local regeneration industry on Merseyside. Reflecting the fluidity of the sector, these staff moved into regeneration related work within academic research, local government and regeneration related conservation work, thus continuing to contribute to the local skills base of the economy.

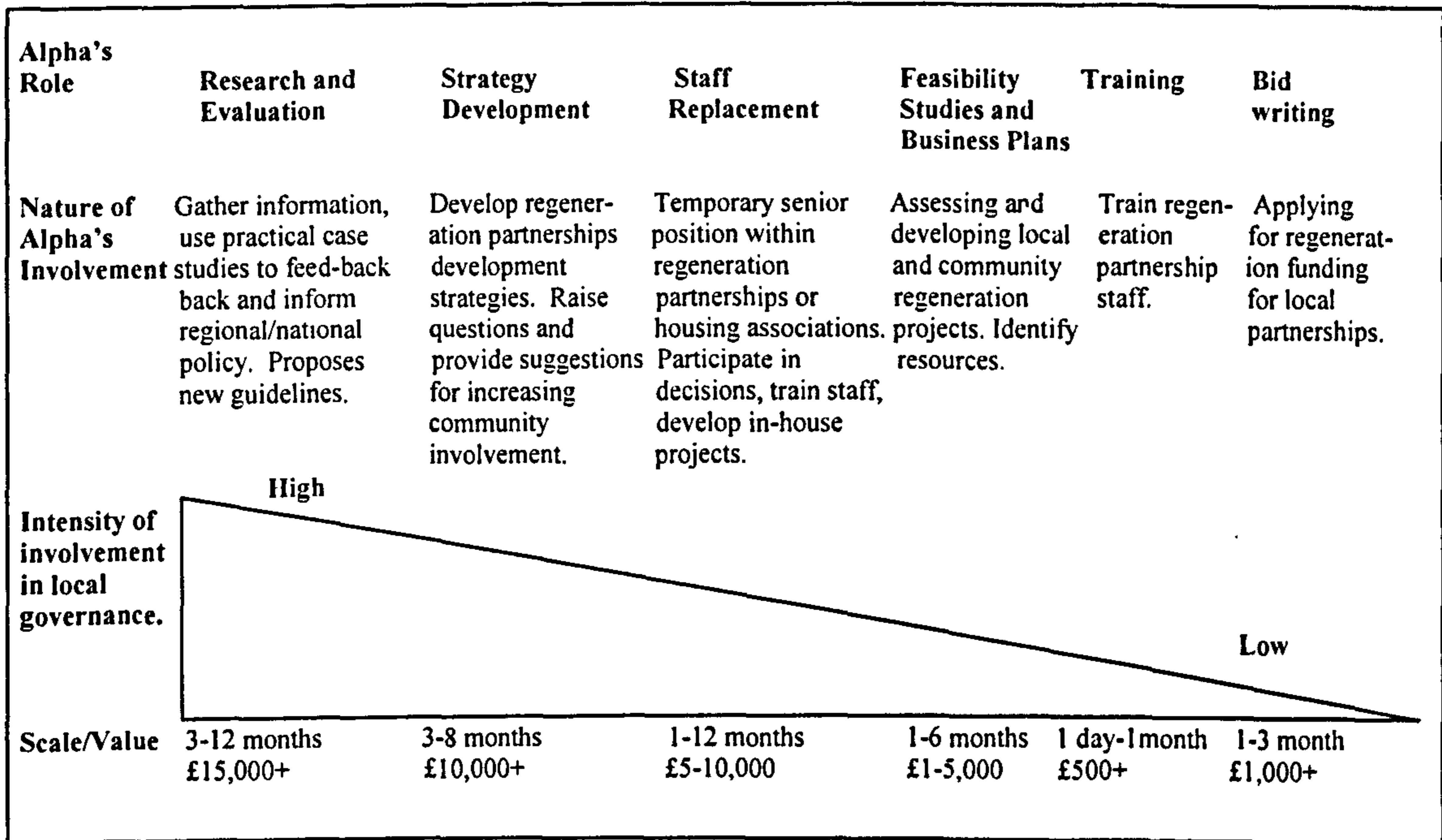
#### ***Supply and Demand Interaction: Alpha’s Involvement within Local Governance Structures***

Alpha’s involvement within the local governance structures of Merseyside during 1995-2000 is demonstrated schematically in Figure 5.3 below, and relates to Hope’s work (1992 chapter two). Using the above analysis this diagram specifically attempts to locate the role and significance of Alpha’s work in relation to its involvement and influence within the local governance structures of Merseyside during 1995-2000.

Using the profile of Alpha and Figure 5.3 it is possible to illustrate how Alpha’s involvement within local governance varied and evolved during its five-year period in operation. As the preceding section has demonstrated, Alpha’s work became heavily dominated by the Objective One process on Merseyside and as such reflected the general pattern and development of the first round of Objective One in the region. Therefore the consultants’ early work involved a great deal of in-depth strategy development projects and area implementation plans. However, as the Objective One programme progressed a combination

of more 'mature' regeneration partnerships and increased competition from both freelance, larger national consultants and the fact that Alpha became perceived as an intrinsically local firm specialising in smaller scale projects, meant that Alpha, in its latter years, played a less intense and more arms-length position with regard to local governance structures on Merseyside.

**Figure 5.3: The Multiple Roles of Alpha: 1995-2000**



The following section will attempt to demonstrate this progression of the firm's involvement in the local governance structures on Merseyside by way of a specific case study example of a working relationship that the consultancy formed with a Pathways Objective One regeneration partnership in Liverpool.

## 5.5 CONSULTANT-CLIENT RELATIONSHIPS: A CASE STUDY OF ALPHA AND TREE<sup>4</sup> PATHWAYS PARTNERSHIP

From analysing the mapping exercise (Appendix F) it is evident that Alpha was involved in numerous consultancy projects with certain clients and developed long-term working relationships with some of these. These relationships gradually developed over the five years Alpha was operating, with the company working with Pathways Groups and SRB Partnerships on numerous occasions, including Parks Pathways Partnership (East-Central), Dingle 2000 SRB Partnership and Speke-Garston Pathways Partnership. Many of these

<sup>4</sup> The name of the case-study partnership remains anonymous for confidentiality reasons.

relationships arose as a result of what Maskell and Malmberg (1999, chapter two) refer to as a process of user-producer trust building over time. As partner D and partner B both indicated:

“I had good relationships with bodies like 580, Alt Valley and Norris Green (all Pathways Objective One partnerships) and I think that’s what happened with a few other consultants. People got to know you and trust you, if you did a good job, and so repeat business became a key element of our work.” (October 2002)

“A lot of the partnerships on Merseyside had favourite consultants with whom they worked. We did a lot with Parks, Speke-Garston, Central and Dingle. USa (Liverpool based consultancy) worked with LEAP (Liverpool East Area Partnership) and the North Liverpool Partnership. You could map each consultants patch geographically.” (February 2001)

This form of client-consultant working relationship would seem to be common on Merseyside, as a number of commissioning bodies prefer to contract work to consultants with whom they have already established a long-term working relationship. As an Objective One Pathways Partnership chairman stated:

“An important factor is to have a good relationship with the consultants you’re working with. You build that over a period of time from working with the same individuals. So in other words, there’s trust and respect on both sides.”

In fact in certain cases, well-established consultant-client relationships have led to consultants becoming extended members of a regeneration partnerships team of staff, thus leading to an interactive process of learning and tacit knowledge exchange (see Lundvall 1988; Maskell and Malmberg 1999; chapter two). Moreover, a strong element of trust and intimacy would also seem to exist between certain consultants and their clients leading to this interactive process (see Dawson 1999; chapter two). As a Merseyside based Pathways Group director noted:

“We tend to use [x] and [z] (both Merseyside based consultants) most of the time. I think it works well with us having a long-term relationship with them. If they hear about some funding or about something that’s going on, then they’ll let us know, and so in some ways they’ve become like an extended member of the team.” (July 2002)

This interactive process also leads to consultants learning and developing their tacit knowledge base as a result of working alongside key individuals from within these local governance structures. As partner C from Alpha indicates:

“How much of our knowledge base and learning is built through interaction with clients is about 99%, I’d say. That experience from working alongside

individuals from partnerships and all the background work through to delivering projects, it all develops your knowledge.”

A further advantage that some clients found from working alongside the same consultancy firm on several occasions, is that this form of continuity can bring added value to any new projects. For instance, by repeatedly using the same consultancy, less time and resources are spent on building new working relationships and developing knowledge of the commissioning body and any previous projects that have been developed and implemented (see Maskell and Malmberg 1999; chapter two). Moreover, related to this added value element, consultants can also be more aware of the level of knowledge and information that the commissioning body has already accumulated and thus reduces the risk of replicating any previous work and telling the client what they may already know. As such, this form of well-established, long-term relationship can lead to a continuous process of learning and knowledge development occurring between the consultant and the client (see Maskell and Malmberg 1999; chapter two):

“You get value for money where there’s a relationship almost between the consultant and the contractor, and it’s quite good in some ways to start to build up a relationship in that way. That’s because sometimes consultants come in and there can be that enormous learning curve before they can actually start to add value to what it is you already know. The worst consultancy contracts is where they finish before they even get up to where you are on the learning curve.” (Merseyside local authority regeneration department manager, October 2001)

Moreover, knowing that they are able to successfully work in co-operation with a particular consultancy firm can also be a key reason why some commissioning bodies use the same consultants on several projects spanning over a number of years, thus leading to a significant competitive advantage for certain consultants (see Wood 1996; Porter 1990; chapter two). This form of consultant-client working relationship and exchange also indicates that a clients behaviour is strongly influenced by past experience, prior expectation and trust in the consultants ability (see Wood 1996; chapter two):

“We tend to use the same one or two consultancies to undertake our employers or our household survey work. In a way I think that has happened because if you’re dealing with one consultant the one year, they’re more competitive the following year, when they put a bid in, because they’ve got a good working relationship established and you also know what their capabilities are.” (Merseyside public sector body research manager, October 2001)

### *Alpha and Tree Partnership*

For Alpha, one of these successful long-term working relationships was established with Tree Partnership, a Liverpool based Pathways Group. Tree Partnership was one of 38 Pathways areas in Merseyside set up in response to the first round of European Objective One funding in 1994. During this time the partnership utilised both European Regional Development Fund (ERDF) and European Social Fund (ESF) money for local regeneration projects.

Table 5.4 demonstrates the extent to which Alpha was involved with the activities of Tree Partnership. During the first six months of the Pathways Group life in 1995, Alpha delivered on-going consultancy support to provide assistance in the development of the Partnership. This staff replacement exercise, during which time the consultants were involved with the partnership as senior working members of staff, resulted in the company facilitating the process of developing an action plan for the Tree Objective One partnership. As partner A describes:

“When we started we did a lot of work for the Tree partnership area. That was nice because we worked through from the whole ground level strategy development through to planning their programme and looking at projects and how they were going to manage them and prioritise them and where things were going. So the early work we did with them was quite strategic in that sense.” (March 2001)

The intense and intimate nature of this working relationship (see Dawson 1999; chapter two) saw Alpha having numerous evening meetings with representatives of the community and the partnership. The partners helped to set-up sub-groups to address the themes of health, environment and employment and produce an action plan for the area. As the partnership co-ordinator states of Alpha's involvement:

“We used Alpha initially in the context of developing a strategy for the Tree partnership area. We were required by government to develop a strategy and action plan...the idea of the action plan was to provide a context for use of the ERDF and ESF resources.” (September 2002)

During these early months Alpha was also commissioned by the partnership to provide support in preparing a Community Based Economic Development (CBED) strategy and an area-based strategy. Other major projects for the partnership included two large surveys, one a skills audit of residents (1500 households) and a survey of 60 local employers. As the Pathways Objective One partnership co-ordinator notes of this consultancy work:

“The issue for the partnership was that they had no staff, so they were issued targets and time-tables to have these strategies and action plans prepared and

submitted to government office, but there was no staff employed to do this. So what you had was one or two members of staff who were working with consultants to deliver those projects...they were used quite intensively until the partnership got staff in place.” (September 2002)

After this initial large scale strategic based work, Alpha was then commissioned to work on several smaller-scale projects, including a sports lottery bid, an updated area strategy, two ‘away days’ for training of the board of Tree Partnership’s CBED group and also a feasibility study into the potential for a community sports facility. This progression again reflects how Alpha’s role changed during the first round of Objective One, from a ‘hands-on’ and intensive involvement in setting up and running the new local governance structures during the beginning of the programme, to a less intense and smaller-scale role of delivering specific projects over shorter periods of time (see Table 5.4).

Reflecting the close relationship that developed over the years between Alpha and Tree partnership, many of the working contracts between the two were general in nature and were defined as ‘on-going’ support (see Table 5.4). This form of work involved the company providing the partnership with continuous consultancy assistance (rather than undertaking specific briefs on a project-by-project basis) in developing the area’s regeneration action plan and in its implementation. This form of working relationship enabled the consultancy’s time to be accessed as necessary by the partnerships staff, thus facilitating in the transfer of knowledge and information between the two. Moreover, this also provided an important element of flexibility that is not always present within ‘one-off’ assignments. As a result, the Tree Partnership was able to respond quickly to opportunities for match funding bids and government funding initiatives due to the fact that Alpha, in this capacity, was able to prompt the partnership, highlighting funding opportunities, and supporting them in completing applications for funds to deadlines. This form of co-working was made possible as a result of due the high level of trust and client-consultant co-working that existed between Alpha and Tree Partnership.

**Table 5.4: Alpha's Involvement with Tree Partnership**

<b>Date</b>	<b>Project</b>	<b>Value</b>	<b>Output</b>
January-August 1995	On-going consultancy to assist the development of Tree Partnership.	£10,000+	Staff Replacement
May-October 1995	Preparation of a CBED (Community Based Economic Development) strategy	£5-10,000	Report
May-October 1995	Development of an area-based strategy submitted to Government Office	£20-30,000	Survey
June -October 1995	An employers survey	£5-10,000	Survey
July-October 1995	A skills audit of residents in the Tree Partnership area.	£30-40,000	Survey
May-October 1996	Establishing a business association	£10-15,000	Report
May-October 1996	Follow-on CBED Strategy	£10-15,000	Report
October 1997	Two away days training for the Pathways' group Economic Development Agency, the CBED body for the area. Helped to constitute the board and trained the board members.	£1-5,000	Training
March 1998	Feasibility study into potential for a community sports facility	£10-15,000	Report
January-May 1999	Development of an action plan for recreational facilities at a community park and application for a sports lottery grant.	£5-10,000	Report/ Bid
June 1999	Feasibility Study to assess sports and recreation needs of local residents.	£5-10,000	Report



## ***Outcomes***

Forming close consultant-client ties facilitated the process of capacity-building and knowledge exchange and development between Alpha and members of the partnership's staff.

As the partnership co-ordinator notes:

“We've used consultants to run courses for the staff here. Consultants have organised training courses for the staff around how to put business plans together, develop projects and that kind of thing...The reason for using consultants here was because it became clear that the emphasis in the new Objective One programme (2000 onwards) would be changing. It would be more about project development and delivery, so we needed to help staff to become more competitive in the new job market and to ensure they had the best skills in relation to this requirement of the programme.” (September 2002)

The project design and development work that Alpha delivered also contributed towards the development and funding of three priority projects in the Tree Partnership area, as follows:

### ***Tree's Economic Development Agency***

Alpha's work in developing a Community Based Economic Development Strategy and a training and capacity building exercise with members of the partnership's board, resulted in the setting up of an Economic Development Agency in the Tree Objective One area. This community economic development trust covered the whole of the Tree Partnership area. It started operating in 1997 and was introduced to raise the profile of economic development and to assist local people in setting up businesses in the area. After its introduction, the economic development agency assisted 35 businesses to start-up, and helped to create 53 new jobs while accessing £173,000 in funding for local new businesses.

### ***Local Recreational Facilities***

Alpha developed an action plan for recreational facilities at a local community park in the Tree area and helped a community sport development company (set up by Tree Partnership in January 1997) to apply for a sports lottery grant. Both of these projects contributed to the successful funding and development of a local recreational facility project – built on a disused reservoir site. This project involved the development of a floodlit all-weather pitch, grass football pitch, crown green bowling green and fitness suite and changing rooms. The project, which costs over £1million, was funded from a mix of sources:

- Sports England Lottery Board - £522,061 (application completed by Alpha)
- City Council - £195,000
- North West Water - £300,000 (application completed by Alpha)

### *Local Library Development Project*

Alpha was also involved in the project design and development of a local library in the Tree Objective One area, which is the oldest branch library in Liverpool. The consultancy facilitated Tree Partnership in securing £726,000 worth of funding from both the City Council and the European Regional Development Fund. This money was used to modernise the library with the development of a Drop-In Study Centre (DISC), developed in partnership with Liverpool Community College. This development currently provides local people with the opportunity to improve and learn basic skills in literacy, numeracy and information technology.

These three case studies provide examples of the ways in which Alpha, through a long term working relationship with the Tree Objective One partnership area, contributed to the process of regeneration. Moreover, the example of Alpha and Tree Partnership demonstrates the interactive nature (Storper 1997; Healey 1997; chapter two) and at times the value-added input of long-term working relationships between contractors and consultants. Indeed, this interactive process and early involvement of Alpha was essential in the institutional building (Storper 1997; Healey 1997; chapter two) of the Tree partnership area and enabled the consultants to play a supportive role and to facilitate capacity building in the partnership (Skinner 1997; Hyatt 1995). This, of course, contradicts the stereotypical exploitative relationship that is argued to exist between consultants and clients (see chapter one).

The relationship also highlights the variety of roles that consultants play in the regeneration. Although only considered as a relatively small client in terms of its size, Tree Partnership called upon the full range of skills that could be provided by Alpha. These included, in the early years of the Tree Objective One Pathways group, the firm working intensively with local authority support workers and Tree Partnership staff in a management capacity; setting up and developing the partnership; working as researchers and carrying out surveys. Alpha also undertook training days for the partnership's staff, and finally, in more recent years, worked on smaller scale individual projects such as bid writing and feasibility studies. It would also appear from this example that a significant amount of tacit knowledge was transferred between the Alpha partnership and the Tree pathways group, which arose from a great deal of face-to-face interaction and communication between the consultancy firm partners and key staff members from within the regeneration partnership (see Boekema et al 2000, chapter two). Therefore, this example highlights the point made by Boekema et al (2000) that intensive face-to-face communication gains from proximity (i.e. Alpha in this case being located in Liverpool, two miles from the Tree pathways partnership), which facilitates the process of tacit knowledge transfer.

## 5.6 CONCLUSION

This chapter has attempted to show the influence that consultants, as non-state actors, have on local governance structures. Alpha's case study demonstrates how consultants have been used extensively in the capacity building process of local regeneration partnerships. In this sense, consultants can be seen as architects in the institutional building of local governance structures and as central in the process of building local 'institutional thickness' (Amin and Thrift 1995, chapter two) amongst governance structures.

The chapter has also attempted to demonstrate the positive client-consultant relationships that can exist in regeneration. This of course is opposed to the interpretation of exploitative relationships that exist between consultants and their clients (see chapter one). The evidence from Merseyside suggests that a more interactive relationship can exist between consultants and clients. Within these relationships the development and exchange of tacit knowledge and learning has a two-way interactive flow. Not only do clients learn and develop their capacity as a result of working alongside consultants, but consultants themselves also continuously develop and adapt their knowledge base as a result of this close interactive co-working client-consultant relationship (see also Dawson 1999, chapter two).

Finally, this chapter has attempted to highlight the dynamic role that consultants have within urban regeneration and the close interplay between supply and demand in regeneration. The role of the consultancy evolved as both the nature of regeneration programmes and the clients themselves evolved. At the beginning of Objective One much emphasis was placed on developing the capacities of, and devising area based action plans for Pathways Groups on Merseyside. Thereafter many of the groups required support for smaller less strategic work, for example, applying for funding or delivering feasibility studies and business planning. The role that consultants play was affected accordingly. Over the four-year period Alpha were involved with Tree Partnership, the consultancy changed from providing a staff replacement, capacity-building and a 'hand-holding' role, where it was intensively involved with the establishment and early running of the Pathways Group, to a more individual project-based role where it was required to deliver smaller, short-term projects. While this change highlights the evolving nature of the Objective One programme on Merseyside it also suggests a change in the capacities of the organisations and partnerships, which have engaged consultants. For instance, this case study example demonstrated that Alpha was influential in developing some of the early Pathways Objective One groups. However, as the partnership matured and its capacities developed so to did its requirements of the consultancy. Progressively the demands on Alpha were for smaller scale project development tasks, which

as a result of the company's internal structure and increased market competition, made it difficult for Alpha to continue to operate without restructuring.

# **CHAPTER SIX**

## **SUMMARY AND CONCLUSIONS: EXPLAINING THE ROLE OF CONSULTANTS IN URBAN REGENERATION**

### **6.1 THE THEORETICAL APPROACH: SUPPLY AND DEMAND AS A FRAMEWORK FOR THE ANALYSIS**

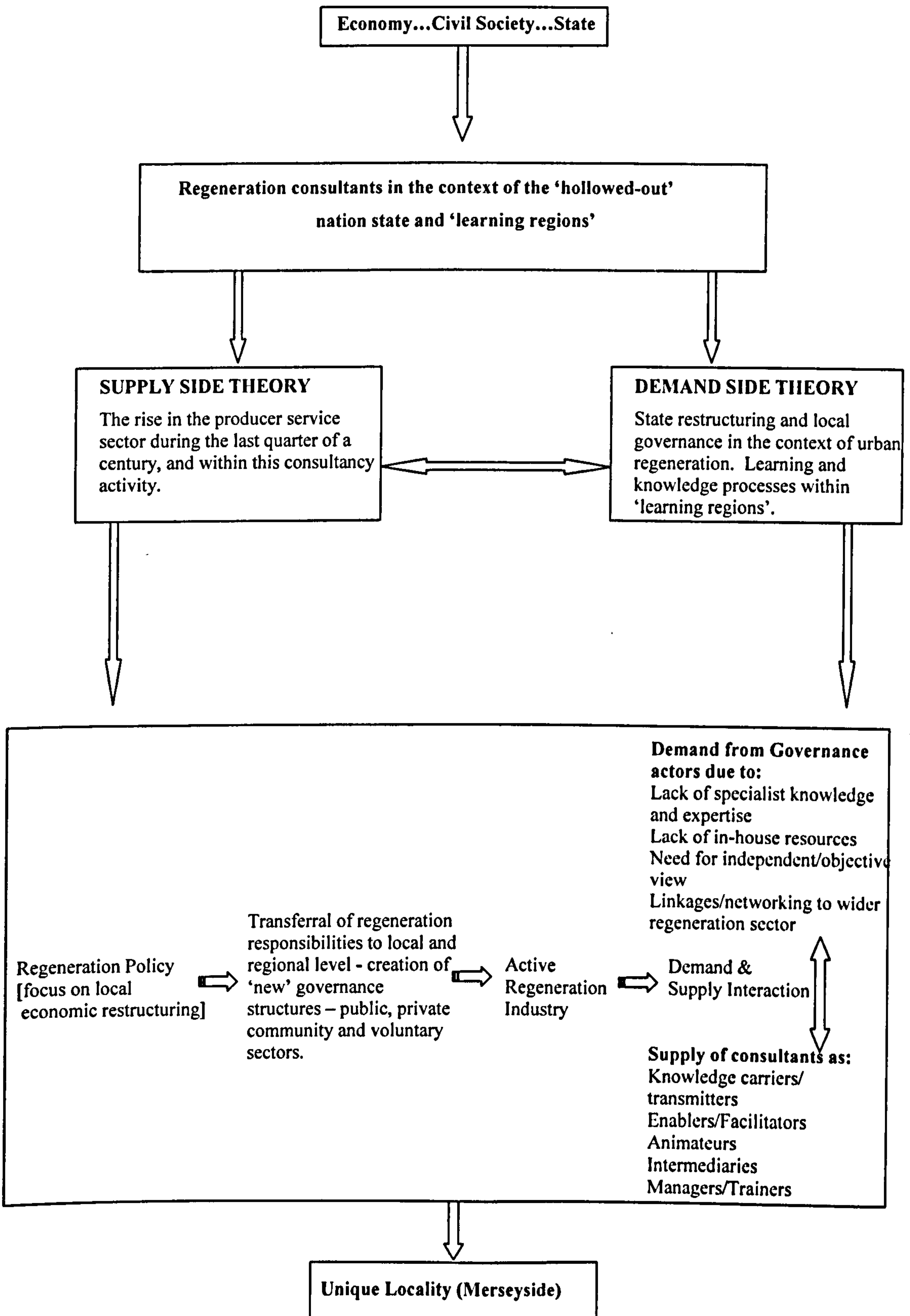
A diverse range of actors are involved in the regeneration of local economies. These include national and regional government bodies, local authorities, the community and voluntary sectors and the business sector, which together comprise what some refer to as a 'regional development industry' (Lagendijk and Cornford, 2000). As with all industries there are strong supply and demand forces at work, and this thesis has argued that only by exploring how these forces interact is it possible to understand the role that consultants have within regeneration.

In light of this, the literature review, providing the grounding for the theoretical framework of the thesis, was divided into two parts: the first exploring the supply side factors that explain the rise in consultancy services in late twentieth and early twenty first century economies and the second examining the demand side explanations for why consultants are being increasingly employed in the regeneration sector. Figure 6.1, reproduced here from chapter two, is the theoretical framework that emerges from the combination of these two literatures and which was used for the empirical research on Merseyside.

On the demand side, the focus was on the literature on governance surrounding the 'hollowed-out' nation state and 'learning regions' in order to provide a basis for explaining the growing role of consultants in urban regeneration. The literature on 'learning regions' demonstrates how knowledge development and learning are active processes occurring between actors within local economies. In this light, the literature provided a potentially useful theoretical basis for explaining the relationships occurring between consultants and their clients. However, chapter two also attempted to show the criticisms that have been levelled against authors from the learning region camp, most notably covering the tendency for the literature to analyse localities and regions in isolation, and to ignore wider political

structures and forces (Harvey 1989; Peck and Tickell 1994; 1995a; 1995b; Raco 1998). Theories looking at the hollowed-out nation state are needed to fill this gap (see Figure 6.1).

**Figure 6.1: Developing a Theoretical Framework for Understanding the Role of Consultants**



These governance-based theories demonstrate how wider state restructuring processes and the transformation of governance responsibilities to the regional and local level need to be taken into account in order to explain *why* consultants had become involved within this sector. The literature on learning regions, on the other hand, provides a theoretical basis for explaining the *nature* of these relationships. The thesis argues that it is only by combining both learning regions literature and theories on state restructuring and governance is it possible to provide a coherent demand side account of the role of consultants (as demonstrated in Figure 6.1).

The key argument on the supply-side is that the regeneration consultancy sector is related to the growth of producer service activity within post-industrial societies and specifically knowledge intensive producer services. While the producer service literature does not directly discuss the activities of regeneration consultants per se, it provides the core of a theoretical framework for explaining the supply of consultants within contemporary developed economies, such as the UK. By combining both demand and supply literatures, as Figure 6.1 illustrates, it is possible to understand the complex demand and supply side interaction taking place within the regeneration industry between consultants and 'new' governance actors. In doing so, this provided the research with a theoretical framework for explaining the role that consultants have in local urban regeneration. For example, with regeneration policy now becoming more focused at the local level this has resulted in the creation of a wide range of new governance actors from the public, private, community and voluntary sectors. The argument put forward by this thesis is that the interaction and activity of these actors thus creates an active 'regeneration industry', which as with all industries has demand and supply side forces within it. On the demand side, governance actors, due to a lack of in-house knowledge and resources etc, use the services offered by regeneration consultants, who as a result of their regeneration based knowledge and expertise, provide a supply side response to this demand.

Table 6.1 summarises the principal conclusions of the thesis in relation to the research questions set out in chapter two.

**Table 6.1: Answering the Research Questions**

Research Question	Key Findings
<b>Demand Side Questions</b>	
Extent Consultants are seen as knowledge carriers/transmitters?	Consultants transfer knowledge of regeneration programmes and initiatives between governance actors.
Spatial Composition of this knowledge and at what level are consultants involved?	Consultants involved at national, regional, local and community levels. Transfer information and knowledge with regard to regeneration between and within these spatial scales.
How do consultants contribute to learning processes?	Consultants facilitate learning of best practice between governance actors by working within different localities, spatial scales and with different clients.
What is the nature of the knowledge interaction between consultants and their clients?	Codified and tacit knowledge is exchanged between consultants and their clients. Occurs via socialization, externalization, internalization and combination processes. Knowledge is also exchanged from clients to consultants (two way interaction.)
What forms of networking occur between consultants involved in regeneration?	Active networking and co-working occurring between consultants e.g. planning consultancies combining with economic/social development consultants. Large national consultancies working with local freelance consultants.
To what extent can consultants be seen as forming part of the 'new' governance structures?	Consultants active and have a influential role amongst governance actors with responsibilities of regenerating local areas.
Are consultants actively used by the local state for delivering regeneration based projects?	Consultants used extensively by the local state on regeneration related projects. These include, delivering regeneration strategies, evaluations and applying for regeneration funding, etc.
Has the wider state restructuring process led to the use consultants for regeneration purposes?	Transferring regeneration responsibilities to numerous local governance actors has created a demand for consultants. Reasons include a lack of in-house resources and specialist knowledge amongst these actors.
Do local governance structures have the capacity to deal with regeneration responsibilities placed upon them or are consultants used to provide assistance to these actors?	A lack of human resources and expertise has meant that these actors do not always have the capacity to deal with the regeneration responsibilities placed upon them. Consultants are used to fill this gap.
<b>Supply-Side Questions</b>	
Has the consultancy market grown or changed in recent years?	Consultancy market on Merseyside has increased in recent years. Freelance and small local SMEs dominating the market.
Any evidence of clustering amongst regeneration consultancy firms around the Merseyside region?	A cluster of freelance, local SMEs, local branches of national consultants and university research units active in the Merseyside local economy.
Extent consultants contributing towards capacity building amongst their clients?	Consultants used to train and manage staff of local regeneration partnerships. Important in initial setting up of local partnerships on Merseyside.
Under what circumstances can consultants be seen as enablers or facilitators in the regeneration sector?	Consultants enable governance actors to learn lessons of best practice from each other and facilitate the transferral of knowledge between these actors.
What are the social interaction processes between consultants and their clients?	Evidence of strong trust relationships developing between consultants and their clients on Merseyside. Clients using same consultants on numerous occasions and learning how to use them better over time.



## 6.2 KEY RESEARCH FINDINGS: LINKING THE EMPIRICAL TO THE THEORETICAL

### *Knowledge and Learning*

This thesis has attempted to argue that the notion of the ‘learning region’ can be used to capture some of the ‘real connections’ between the state, the construction of knowledge and new representational forms involving the private sector (see Jones 1999, chapter two).

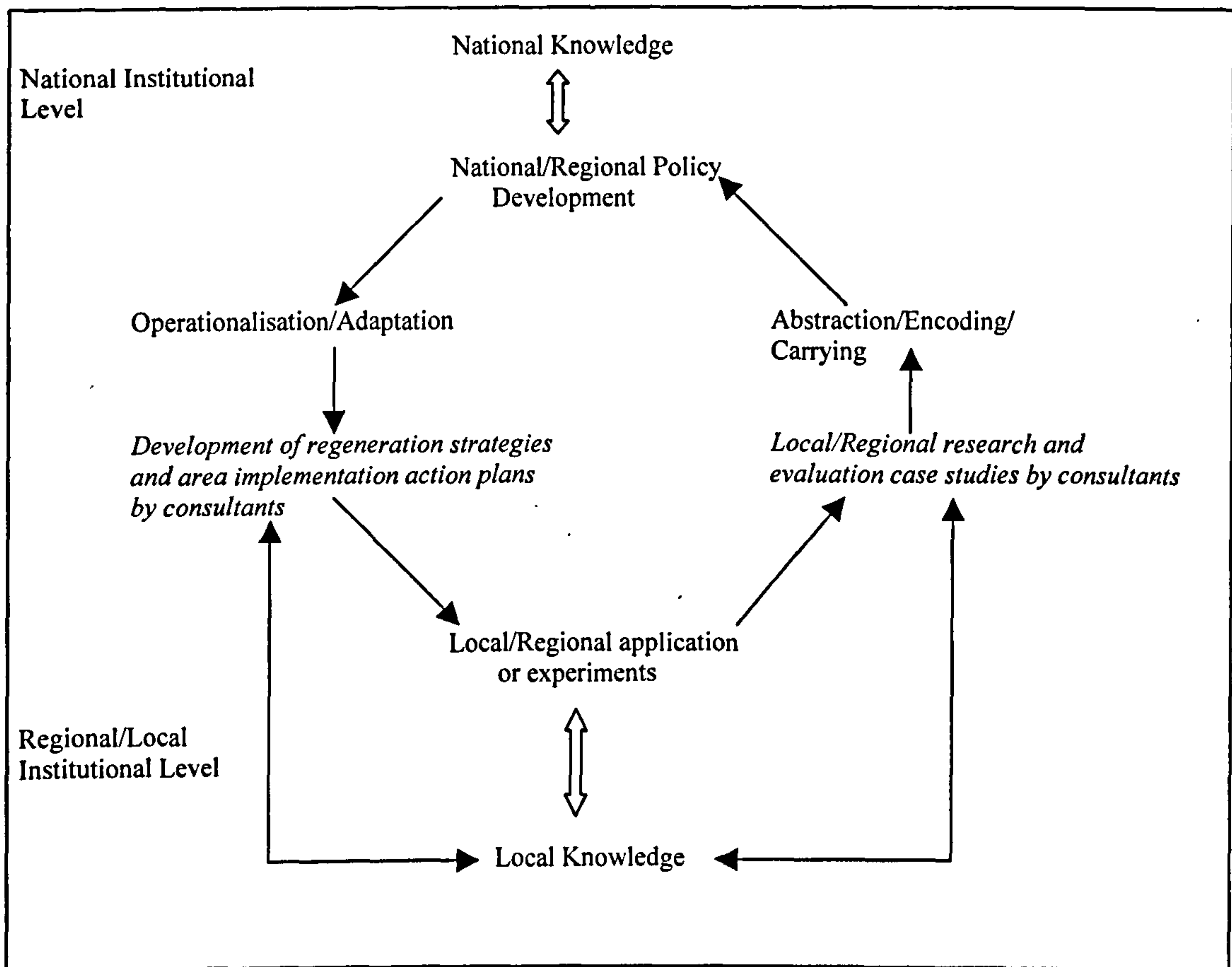
First and foremost, the argument is that regeneration consultants need to be seen as key knowledge carriers/transmitters in the local economy, facilitating learning and knowledge development. This knowledge can be transferred in both a codified and tacit form via socialization, externalization, internalization and combination processes (see Nonaka and Takeuchi 1995, chapter two), by consultants to their clients (Figure 6.2)

**Figure 6.2: Knowledge Conversion between Consultants and their Clients**

		To	
		Tacit Knowledge	Explicit Knowledge
From	Tacit Knowledge	<i><b>Socialization</b></i> Sit-in, advise and facilitate.	<i><b>Externalization</b></i> Reports i.e. policy/strategy development work.
	Explicit Knowledge	<i><b>Internalization</b></i> Shadow, support and transfer of knowledge to local agents e.g. train and manage local regeneration partnerships.	<i><b>Combination</b></i> Transferring and producing good practice lessons from elsewhere e.g. research and evaluation work.

The case study example of a local consultancy firm’s involvement (see chapter five) attempted to show the influence that non-state actors now have within local (and also regional and national) governance structures. In fact, certain aspects of consultants work can cut across all of these spatial scales. For example, the research and evaluation work of Alpha involved collecting knowledge regarding local and regional impacts of national level policies and transferring it back to the national level in order to inform future policy development. In this process of transfer to the regional or local levels consultants are again contracted by regional or government offices, local authorities or local regeneration partnerships to devise local/regional implementation and area action plans for these regeneration policies (see Figure 6.3).

**Figure 6.3: A Cyclical Model Locating Consultancy Involvement at National, Regional and Local Levels of Governance**



It has been argued that through this involvement with various governance actors across different spatial scales consultants facilitate the learning of best practice and transfer knowledge of regeneration programmes and initiatives between these actors. However, this research has also revealed that much of this consultancy knowledge stems from the interactive relationship that exists between consultants and their clients. Through working with a variety of clients, in different locations, consultants build a knowledge base, which can then be transferred and applied to a variety of regeneration-based projects and initiatives. In fact, it emerged that consultants who are able to codify and transfer these regeneration 'ideas' and concepts and apply them to emerging local circumstances, develop a competitive advantage and are utilised by clients who require their individual projects to 'link into' the wider local or regional regeneration process. This networking and knowledge promotion capacity make them key animateurs (Morgan 1997b; Hassink and Lagendijk 2001, chapter two) in the local economy.

Moreover, it emerged that this tacit knowledge and experience that regeneration consultants carry from having worked in a variety of locations and with a variety of clients, can

potentially lead to a learning process whereby the knowledge gained from previous regeneration projects and initiatives can be accumulated and practice changed. In this capacity, consultants have a key role as 'intermediaries' (Morales, Navarro and Julve 2002, chapter two), in which information and tacit knowledge is accumulated from their previous experience in the regeneration sector, and transferred to their clients.

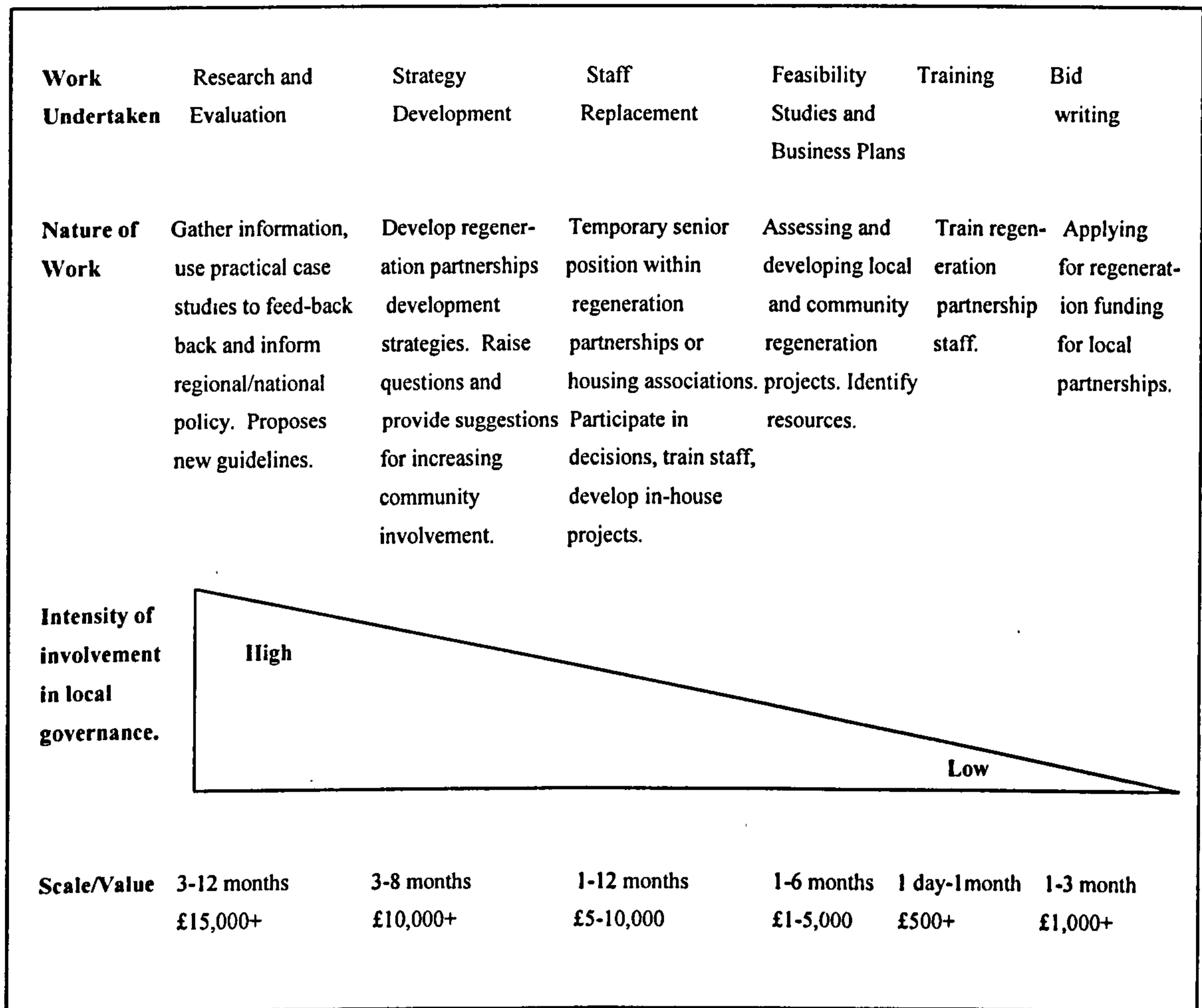
### ***The State Restructuring Process***

Not only has this thesis highlighted the role of consultants as important actors in relation to knowledge and learning processes, it has also demonstrated how their rise and usage, in the Merseyside local economy, is inextricably linked to wider state restructuring processes. In doing so, this research has attempted to avoid the criticisms levelled at parts of the New Regionalist literature, which has been accused of ignoring wider economic and political forces (see chapter two). This research has shown that the transfer of regeneration responsibilities to the local level - i.e. to the local state and local regeneration and community partnerships - has simultaneously created a demand for consultants.

Consultants deliver a variety of projects on behalf of local governance actors. For example, the Alpha case study in chapter five illustrated the way in which consultants have been influential in building the capacity of local regeneration partnerships i.e. from the initial setting up and management of partnerships, to creating area-based regeneration strategies for local partnerships through to training partnership staff. In fact, consultants have contributed significantly towards developing the capacities of institutions established to encourage economic and social regeneration at the local level. This close link with the governance structures on Merseyside was emphasised by the way in which the role of the case study consultancy, and the projects it delivered, changed in response to the evolving nature of the regeneration programmes and development of the governance actors responsible for the local delivery of these. For example, at the beginning of the European Objective One programme on Merseyside consultants were used to help establish and manage the regeneration partnerships (Pathways Partnerships). Thereafter they assisted in developing local regeneration strategies for the partnerships and trained partnership staff, undertaking a key capacity-building and 'handholding' role. However, as the in-house capacity (both in terms of skills and human resources) of the regeneration partnerships gradually developed and the focus of the European Objective One programme changed from strategy development to implementation, consultant's work became increasingly dominated by smaller-scale projects, such as delivering feasibility studies, business plans or writing bid applications. Figure 6.4 (reproduced here from chapter five) illustrates the role and significance of the work delivered by consultants on Merseyside. These various duties carried-out for local state and other

governance actors highlights the fact that consultants can indeed be seen as forming part of the 'new' governance structures with responsibility for regenerating local areas.

**Figure 6.4: The Multiple Roles of Consultants**



***The Use of Consultants by Governance Actors***

Two key reasons why consultants are used are their provision of added knowledge and expertise to clients and also the supply of additional staff resources. Both of these result from a lack of in-house capacity within client organisations, in terms of specialist knowledge and expertise or of human resources. However, in order to understand this relationship this thesis has argued that these reasons are linked to wider state restructuring processes (see Figure 6.1). This review demonstrated how the UK, through the hollowing-out process of the nation state, had witnessed new governance structures forming at the regional and local level, such as Regional Development Agencies, Local Strategic Partnerships and local regeneration partnerships. However, the empirical evidence from this research suggests that while these governance actors have seen regeneration responsibilities increasingly shifted onto their shoulders, by the central state, they lack both in-house resources in terms of staff, and also have limited in-house knowledge and expertise with regard to delivering their regeneration

remit. As such, this has created a market niche for the private sector and academic research organisations to become involved within the local urban regeneration process, in this case regeneration consultants.

A third demand-based reason why consultants are used relates to the perceived independence and objectivity they can offer. This has led to some consultants playing the role of a mediator within regeneration partnerships. In this capacity, consultants are used when partnerships believe that sensitive or conflicting issues need to be dealt with and bringing in an independent consultant can be seen as legitimising and facilitating procedures.

It is precisely through this provision of added knowledge, expertise, independence and networking capacity consultants that can be seen as influential actors in supporting and enabling local governance structures to deliver their regeneration responsibilities.

Highlighting the breadth of activities undertaken by consultants, this research has identified seven broad areas of work where consultants have been used in regeneration on Merseyside (see Table 6.2): business planning and baseline analyses, community consultation and involvement, policy/strategy development and implementation projects, the preparation, submission and scoring of funding bids, staff replacement and project management work, training and capacity-building and finally research and evaluation projects. Table 6.2 provides a summary and brief explanation of this activity. It demonstrates that consultants' work can vary significantly and that consultants are involved across all the different stages of regeneration programmes - from baseline analyses and business planning work which often occur before regeneration programmes start, through to research and evaluation work which can be used at the middle or end of regeneration programmes in order to assess their impact and effectiveness. Consultants are also used to develop the regeneration strategies of governance actors through policy/strategy development and implementation work. They can also be involved in developing the capacities of local governance actors to participate within the regeneration process through staff replacement, project management, training and capacity building work. These various roles further highlight the influential position that this sector now has in the urban regeneration process.

**Table 6.2: A Typology of Services Offered by Consultants**

Service Offered	Nature of the Work
Baseline Analyses and Business Planning	Carried out often before a programme starts in order to provide a detailed description of an area/project. Identifies why it has reached the state that it needs regeneration and to offer a benchmark against which achievements can be judged.
Community Consultation/ Involvement	Consultants can be used to facilitate a range of exercises to help inform the local community about a regeneration initiative and to enable the community to become involved in the decision-making process. These include public exhibitions, public meetings, newsletters, videos, questionnaires, street interviewing and face to face interviews.
Policy/Strategy Development Implementation	Regeneration strategies are intended to act as a pragmatic 'road map' designed to boost the economy of struggling areas, building on any competitive advantages and unique selling points an area may have. Strategies usually include an appraisal of an area's economic health and offer a way forward for improvement. Community strategies and neighbourhood renewal strategies for governance bodies such as the LSPs and local authorities are district-wide community strategies, incorporating the economic, social and environmental needs of a local area.
Preparation, Submission and Scoring of Funding Bids	Governance bodies such as local authorities and local regeneration partnerships sometimes need additional support when bidding for funds. A consultants role in bidding for funds may begin with a baseline assessment of an organisations needs and financial limitations. This can be followed by an examination of the funding is being sought followed by an assessment whether the organisation has the capacity and structure to manage a bid. After an appropriate funding body is identified, consultants will possibly write and submit the bid on behalf of the client organisations. Consultants are also used to independently score funding bids on behalf of organisations.
Staff Replacement/Project Management work	Consultants can be used as key management on local regeneration partnerships and other organisations, e.g. housing associations. This occurs mainly during the early days of establishing these organisations, before full-time staff have been appointed or fully trained. Consultants can also be used to manage larger regeneration projects for these organisations, again where appropriate staff resources or management are not in place.
Training and Capacity Building	Consultants can deliver a training needs analysis or an internal skills audit to identify those skills which may be lacking within a regeneration body or partnership. Customised training packages can be devised by consultants to fill these gaps in skills and knowledge. Capacity building projects can entail training local residents or service users in relevant skills, e.g. teaching them how to access funding or source premises. The underlying aim behind such work is to empower members of the community or regeneration organisations to influence or take decisions that affect the regeneration of their areas and to enable them become directly involved in service delivery and/or the implementation of projects.
Research and Evaluation	Research and evaluation work can look at the impact of regeneration projects or programmes in question in order to establish: how effective they have been; whether or not they have achieved their goals, and if not, why; the outcomes of the project and whether or not they have been affected by external factors; what would have happened if the initiative had not taken place and whether it has provided value for money. Evaluations an take place at different stages: formative evaluations are undertaken at the outset; ongoing or interim evaluation work provides feed-back during programme implementation and the final evaluation assesses the impact of a project or programme once implementation has been completed.

This demand-side analysis, it is hoped, has added to the work within the learning region camp on the role of 'knowledge workers' (Lambooy 2000, chapter two). Moreover, whilst a great deal of this work has traditionally focused on high-tech firms or the economies of more successful regions, this research has attempted to highlight how the New Regionalist literature can also be utilised as a theoretical framework for analysing the relationships between actors

within less successful regions, in this case Merseyside. The empirical research from this project highlights how regeneration consultants form an important part of a regions institutional infrastructure. Of importance here would seem to be the role of consultants in transferring and building knowledge both within and between actors involved in the regeneration process. Consultant's experience from working with a range of actors in different localities indirectly facilitates the learning of best practice between governance actors. Consultants consolidate the knowledge they collect from working alongside clients and use this to inform their future work thus indirectly transferring knowledge to their clients with regard to delivering regeneration related projects.

In light of these findings, and more critically, this research reveals that the increasing use of consultants in the regeneration sector suggests that a *lack of direct communication, direct knowledge transferral* and the *learning of best practice* presently exists between governance actors. It also highlights that while the central state has placed more responsibilities and an increasing regeneration remit on the shoulders of local governance actors, there would presently seem to be a key knowledge and human resource shortage amongst these institutions.

### ***Merseyside's Consultancy Market***

On the supply side, the rise in the activity of regeneration consultants over recent years can be seen as forming part of the wider increase in the producer service sector in post-industrial society. Chapter four highlighted how the combined process of state restructuring coupled with the shift in regeneration responsibilities to incorporate 'new' governance actors, has contributed to an increase in the demand and the subsequent supply of consultants within the Merseyside economy. Evidence from this research has demonstrated that the rise in public regeneration programmes on Merseyside, such as Objective One, has been mirrored by an increase in consultancy activity within the local economy.

There would now appear to be a cluster of freelance, local SMEs, local branches of national consultants and university research units active in the Merseyside local economy. With a mixture of both private and public sector institutions and organisations offering a variety of professional consultancy services relating to economic development and regeneration, a significant number of respondents referred to Merseyside as having developed a "regeneration industry".

National consultancies have been involved on Merseyside in the delivery of predominantly larger strategic projects. University sector research units are also used for more strategically orientated projects that often involve a strong element of research and evaluation based work.

However, the majority of consultants actively involved within the Merseyside local economy are either smaller local SMEs or freelance consultants. Several factors would seem to be influencing this rise. First, these smaller firms are used on a sub-contracted basis, by larger national and international consultancies, on local regeneration consultancy projects. Key reasons for this are due to their added local knowledge and awareness of the 'local issues', which can be used to inform the consultancy work. Secondly, there is also evidence on Merseyside of smaller consultants joining together to deliver regeneration projects. The demands created by holistic regeneration initiatives, which often require a range of skills and expertise, has not only influenced the rise of smaller consultancies specialising in various regeneration related activities, but it has also led to these consultants coming together in delivering certain projects. These projects may include consultants with experience in planning, urban design or architectural work, combining their services with consultants having skills in economic and social development. In this sense, the consultancy market is also becoming increasingly characterised by a degree of flexible networking between these consultancies as they combine various specialisms, knowledge and skills in order to deliver the wide range of regeneration-related work on offer. Thirdly, the involvement of smaller local partnerships, community groups and voluntary organisation in the regeneration process, has also influenced the consultancy sector. These organisations have smaller budgets for commissioning work, compared to central government and local authority regeneration-based departments or regional public sector bodies and demand smaller, less expensive, consultancy firms who are able to offer a cheaper service than their larger national and international counterparts. Another important factor influencing the use of smaller local consultants is the perception amongst commissioning bodies that they offer more flexibility, added local knowledge and a commitment to delivering work and making sure projects work. Finally, reasons relating to the restructuring of the state have affected this supply of consultants. Evidence from this research suggests that some freelance operators and local consultancy firms have been established as a result of redundancies and cutbacks within public sector bodies such as local authorities. In addition, some time-limited regeneration partnerships that have come to an end, such as Single Regeneration Budget partnerships, have also released more labour with expertise and skills in regeneration and economic development into the local economy.

### ***Client-Consultant Relationships***

The 'learning region' literature and that on producer services have also proved useful for providing a theoretical backdrop for analysing the interactive relationships that exist between consultants and their clients. This research has demonstrated that a strong social interaction process exists in the tendering process of consultants involved in regeneration projects.



Issues such as the past experience and expertise of the firms involved and more importantly the reputations and expertise of individuals within these firms would seem to influence the selection of particular consultants. Moreover, an element of 'trust' in the ability of individual consultants to be able to deliver high quality work, as well their willingness and ability to work alongside the staff of client organisations, were also highlighted as influential selection criteria. Finally, the track records of consultancy firms within the local and regional regeneration sector were also highlighted as key selection criteria.

In terms of ensuring value for money, it would also appear that commissioning bodies on Merseyside have learnt to use consultants more effectively and efficiently. By writing more clearly specified briefs, developing rigorous contractual arrangements, managing consultants better and developing co-working relationships with consultants, commissioning bodies indicated that they were able to ensure consultants delivered an evaluated and implementable edge to their assignments, which ultimately led to better value for money.

Trust is central in many of these consultant-client relationships and the empirical research demonstrated evidence of clients and consultants on Merseyside who have built close co-working relationships, with certain clients using the same small number of consultants on numerous occasions. These 'trust' relationships (see Lundvall 1988, Maskell and Malmberg 1999 and Dawson 1999, chapter two) have facilitated an interactive learning process whereby clients have not only learnt how to utilise more effectively the services of consultants over time, but tacit knowledge can also be exchanged more easily, not only from consultants to their clients, but also from clients to consultants.

### **6.3 UNDERSTANDING THE ROLE OF CONSULTANTS**

Since 1997 the Labour government has developed a strong localisation agenda in relation to urban regeneration policy, seeing it as a 'mechanism for encouraging regeneration policy that is 'in touch' with local communities, flexible enough to respond to local needs and opportunities, and which mobilises local resources to tackle local problems' (Raco, Turok and Kintrea, 2003, p.277). Moreover, these local initiatives aim to enhance local empowerment and ownership; utilise latent skills and resources; give citizens a greater say in the ways in which they are governed; and bring local knowledge to regeneration agendas, thus aiming to improve their effectiveness, while sharing benefits amongst a wider range of local people and enhancing policy efficiency (ibid, p.277). As this thesis attempted to argue, areas such as Merseyside have experienced at first hand this localisation of regeneration programmes. As part of this process, focus has shifted from the regional and national scales of organisation to the local; and from city/district wide initiatives to community-based agendas; and from local

authority led programmes, aimed at prioritising areas of deprivation within wider spending objectives, to local partnerships established by a range of local state and other actors (ibid, p.277). While the rescaling of policy activities towards the local level has resulted in the rise of 'new' governance institutions, this research would suggest that a lack of knowledge and expertise, in addition to in-house human resources, has thus far been evident within these organisations.

However, the research findings also suggest that there has been little direct learning and knowledge transferral between these governance actors (see chapter four). While this gap has opened up the space for consultants specialising in regeneration, the research does indicate that this form of 'fast policy transfer' (Peck and Jessop 1998; Peck 1999 and Jones and Ward 2002) has occurred too quickly for these local institutions. Urban policy has been shifted to the local arena at such a pace that local institutions have been given little time (or resources) to adapt and develop their capacities in order to deliver effectively economic and social regeneration at the local level. This in turn has opened up a market for consultants specialising in regeneration.

As a result of this lack of resource and knowledge infrastructure, local governance actors have not always been able to consolidate successfully and share the knowledge created and transferred indirectly via consultants. The result of which has been a continued demand for consultants specialising in economic and social regeneration. As one Merseyside based consultant stated:

“On reflection there was no transfer of knowledge and capacity and experience between all of our clients. There was nobody pulling them all together and saying these are the different stages that you need to go through or this is the particular planning process you need to go through. The Pathways areas didn't really talk to each other. There was no Government agencies in place that were responsible and would facilitate that transfer of knowledge between those clients. As a result an awful lot of money was spent and squandered on consultancy work when there was already a lot of capacity within the sector that they could have done with transferring.”  
(October 2002)

This suggests that a gap exists within the regeneration sector, whereby governance actors, operating at all levels, are not always effectively consolidating knowledge, and more importantly, not sharing knowledge and any lessons on best practice directly and efficiently with each other. This is despite the current policy rhetoric surrounding knowledge and learning development, echoed in chapter one (see Figure 1.2).

However, the evidence from chapters four and five indicates that some governance actors on Merseyside do have the potential to learn and consolidate knowledge. These actors have not only learnt to use consultants more effectively, but have also consolidated this knowledge from working alongside consultants in order to develop their own in-house capacity and expertise. The outcome of this increased in-house capacity and knowledge was reflected in the way some commissioning bodies had learnt to work alongside and use consultants more efficiently over time. More importantly, having learnt to more effectively use and work alongside consultants, local governance actors felt that this resulted in a process whereby learning and knowledge development was a continuous upward spiral. This of course contradicts the scenario in Figure 1.1 (chapter one) where it was suggested that consultants operate in a manner whereby no new knowledge is transferred to the client.

However, although there is evidence suggesting that some knowledge has been consolidated and that there is growing in-house capacity within governance actors on Merseyside, there is little evidence suggesting that knowledge and learning processes are shared more directly between these actors. Public policy, therefore, not only needs to recognise and attempt to resolve the knowledge and skills deficit existing within newly established local governance institutions, but also needs to ensure that the knowledge and skills already built within local institutions are pooled and shared more effectively. Currently it is regeneration consultants who have provided a supply side market response to this demand.

In light of these theoretical insights and empirical findings it is possible to conclude that the state restructuring process, with its emphasis on placing regeneration responsibilities at the local level, has increasingly encouraged the involvement of the private sector within the urban regeneration process. As such, and as the case of Merseyside has illustrated, consultants have now become embedded within the 'new' local governance structures regenerating urban areas. Consultants are local animateurs, potentially facilitating the process of knowledge development and transferral, both within and between local governance institutions. Consultants are also important in helping to build the capacity of these institutions, and through both their intermediary and mediating roles, enable these actors to deliver their social and economic regeneration responsibilities and engage in regeneration activities.

## **6.4 THEORETICAL REFLECTIONS: LEARNING IN URBAN REGENERATION**

The 'learning region' literature from economic geography has traditionally emphasised learning and knowledge transfer in and between firms, technological development and allied institutional structures. The policy element of this work has focused on networks and linkages between firms, regional innovation clusters, technology transfer, education and training at regional and local levels and the learning economy at national level. The basic concepts, however, seem to be clearly applicable to broader economic and social policy and, in particular, regeneration policy (see also Meegan, 2003). The research reported here highlights the importance of knowledge and learning processes within the 'regeneration industry'. For example, a key strand in the literature on learning is the distinction between tacit and explicit or codified knowledge and this research has shown that both forms of knowledge are actively transferred via the interaction processes existing between consultants and their clients. This knowledge exchange between consultants and their clients is important for an urban regeneration sector where the governance actors with responsibility for delivering local regeneration policies and initiatives have lacked in-house expertise, knowledge and resources.

Indeed, the thesis has demonstrated that all actors involved in the urban regeneration sector, from community groups and local regeneration partnerships to the local and national state and non-state actors such as consultants, are all a part of 'learning regions'. The debates on these learning regions need to be expanded to incorporate this wider range of actors.

The thesis has also argued that consultants are an important and influential part of 'new' governance structures influencing the social and economic development of urban areas. Combining the learning region literature with that on governance, the thesis has attempted to show that, while learning processes and the exchange of knowledge occurs directly between consultants and their clients, there would seem to be little evidence suggesting that there are institutional mechanisms in place for then ensuring that this knowledge is consolidated, codified and exchanged more directly between such governance actors as local regeneration partnerships or between the local and national states. To avoid this loss there would seem to be a pressing need for some form of institutional base to collect and disseminate this regeneration-based knowledge more effectively and directly, to facilitate 'learning' amongst governance actors. However, recent policy developments suggest that central government has begun to recognise that such a gap does exist.

## **6.5 LESSONS FOR FUTURE POLICY DEVELOPMENT**

The Government's Neighbourhood Renewal Unit has recognised that a gap does exist, in relation to knowledge and learning, amongst local actors involved in the regeneration sector. As the Neighbourhood Renewal Unit's 'The Learning Curve' (2002) report recently commented:

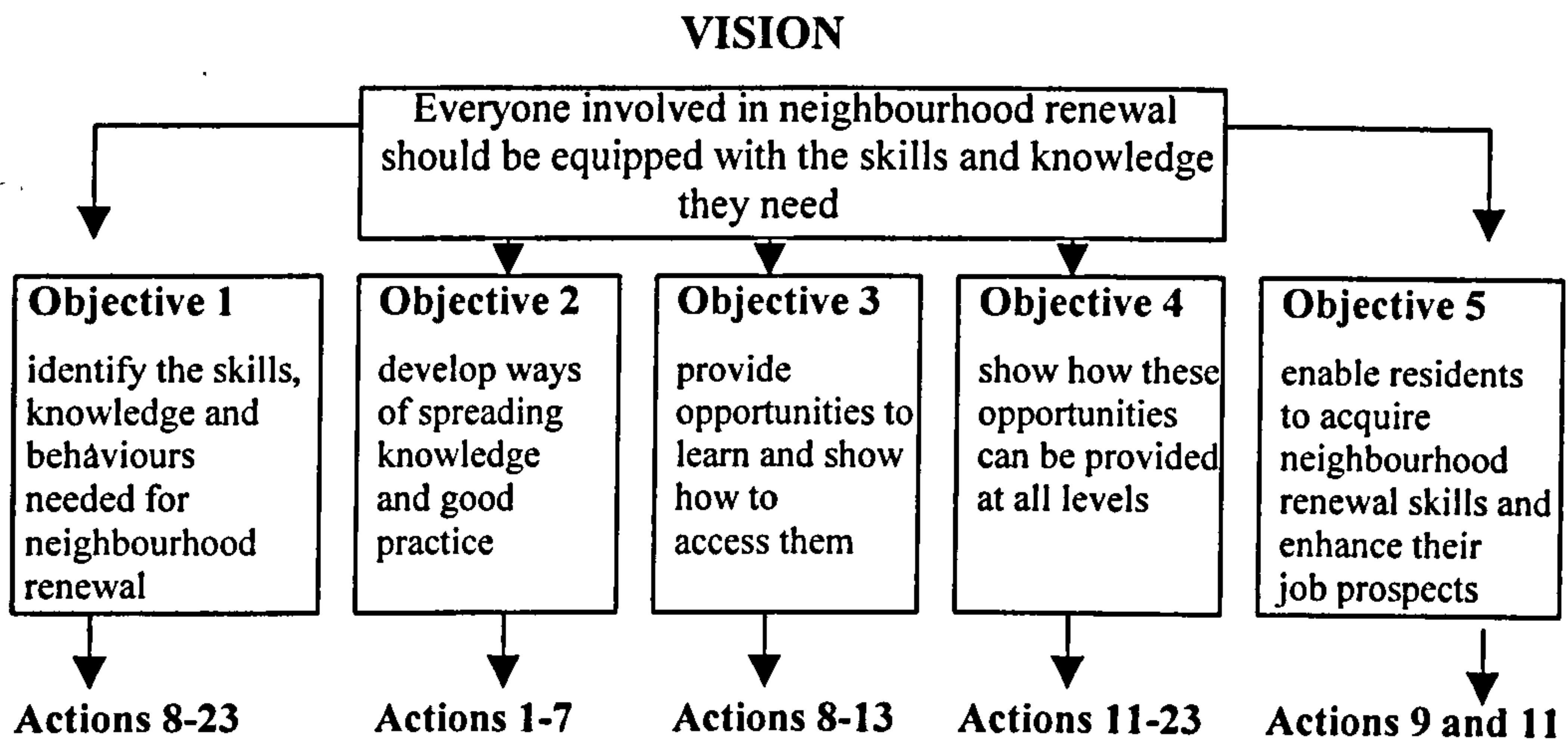
"The Social Exclusion Unit's Policy Action Team 16 report, Learning Lessons, published in March 2000, identified a shortage of experience, skills and knowledge within a wide range of public sector organisations that serve deprived areas. It identified serious shortcomings in initial professional training, with some groups of front line staff receiving little or none at all and the training itself being of poor quality or not targeted at those who needed it."

This call for more knowledge and skills development was also captured in the key vision of the Neighbourhood Renewal Units report, which stated that:

"Everyone involved in neighbourhood renewal should be equipped with the skills and the knowledge they need." (October 2002, p.9)

Under this vision the Government highlights five main objectives and subsequently twenty-three 'actions' to deliver these objectives (see Figure 6.5). Specifically in relation to this thesis, under 'objective two' of the government's neighbourhood renewal strategy, 'resident consultancies' have been established in order to help develop and transfer knowledge and skills within local institutions involved in the regeneration sector (see Taylor et al, 2002; Neighbourhood Renewal Unit, 2002). Still in the process of being piloted and evaluated, these local consultancy schemes have been established as a forum in which 'residents of areas undergoing regeneration share, or market the skills they have acquired through participating in the regeneration process' (Taylor et al, 2002, p.2). Moreover, the focus of these has been to promote good practice and develop people's skills in order to promote community empowerment and involvement within neighbourhood renewal (ibid, 2002, p.2).

**Figure 6.5: The Government's Vision, Objectives and Actions for Neighbourhood Renewal**



Source: The Learning Curve: Developing Skills and Knowledge for Neighbourhood Renewal, 2002,p.9

'Residents' consultancies' can be seen as being part of the governments' aim of enhancing and promoting knowledge and skill transferral at a local level. As the Neighbourhood Renewal Unit's 'Learning Curve' document again states (2002, p.64):

"The first challenge is to develop new opportunities for people to obtain skills and knowledge to enable them to contribute effectively to neighbourhood renewal. We must stimulate the demand for, and supply of, learning opportunities and develop ways of sharing best practice within all neighbourhood renewal programmes and partnerships."

This supports the findings of the research reported here, which suggests that the knowledge and skills developed at the local level need to be fostered within the local economy and pooled so that they are accessible to as wide as possible range of actors involved in the regeneration of local areas. Such a development would help to promote a continual 'learning curve' amongst local institutions involved in the regeneration process. As this research has demonstrated, in areas such as Merseyside where a strong local regeneration industry exists, local institutions have gradually developed their capacities and knowledge base, in part due to the involvement of consultancy support. This was illustrated in chapter five, which provided a case study example of a local regeneration partnership that had, as a result of fairly intensive consultancy support, developed its institutional capacity. Moreover, chapter four also demonstrated that actors involved in the local regeneration process on Merseyside had learned to use the services provided by consultants more effectively over time, a process that further facilitated knowledge transferral and learning between consultants and their clients.

Therefore, if the localisation of regeneration is on the government's agenda, then the current policy rhetoric surrounding knowledge and learning (see also chapter one) needs to be turned into a reality. This means harnessing the knowledge and expertise of local institutions and consultants who have worked in areas such as Merseyside, and enabling this to be accessed and 'learnt' by others. Making schemes such as the 'residents' consultancies' more widespread, in order to promote learning and knowledge transferral directly between local institutions involved in the regeneration sector may provide one method of doing so.

In summary, the role adopted by regeneration consultant's highlights the gap that has existed within local governance structures with responsibility for economic and social regeneration. It would seem that direct knowledge and learning processes between these actors has thus far been limited. Consultants have been important animateurs here, in encouraging the transfer of regeneration-based knowledge between governance actors, thus ensuring an indirect form of learning and information flow between local, regional and national governance actors. As chapter five demonstrated, in this capacity consultants have influenced public policy at all levels. From evaluating the impact of national policies at the local level in order to inform future national policy roll-out to the strategy development and implementation of national (and European) regeneration policies at the regional and local levels. In this context, it is hard to understand the reasons why the work of consultants within the regeneration sector has been so under researched. It is hoped that this thesis has made a contribution to addressing this oversight.

## **6.6 STRENGTHS AND LIMITATIONS OF THE THESIS: POTENTIAL AREAS FOR FUTURE RESEARCH**

### ***Key Strengths***

This thesis has attempted to address a significantly under-researched area that is perhaps validated by recent policy developments and debates within the regeneration field. While it is hoped that the research contributes to theoretical debates within geography around the 'learning region' and issues of state restructuring and local governance, the aim is also to provide a contribution to current public policy debates.

Empirically this thesis has opened up a new research field in exploring the role of regeneration consultants in urban regeneration and provides a useful framework for future research in this and related fields (see below). Moreover, while much of the analysis provided by New Regionalist authors is abstract in its nature, this thesis has attempted to provide a much-needed empirical case study for this growing body of work.

Methodologically the CASE studentship provided the opportunity to use participant observation work as a key research tool. The depth and level of analysis in chapter four, and in particular chapter five, would have been made difficult without such an approach. This form of research enabled me, as the researcher, to gain privileged access to those being researched and unlike more traditional research projects provided the opportunity to be on the 'inside looking out' rather than on the 'outside looking inwards.'

On a theoretical level, by combining literatures on Learning Regions, state restructuring and producer services and accommodating these within a demand and supply framework, this thesis has provided a theoretical approach that captures some of the 'real connections' between the state, the construction of knowledge and new representational forms involving business elites (Jones, 1999).

In terms of policy implications, it would seem that now more than ever, with the government focusing on knowledge and learning processes amongst local institutions, the work on the 'learning region' can be used to inform public policy. This work has highlighted the lack of knowledge, resources and direct learning that currently exists both within and between local governance actors involved in the urban regeneration process. Highlighting the timely policy relevance of this research, government policy has also begun to recognise the need to develop the knowledge and skills of actors and institutions involved in regeneration. Therefore, with central government increasingly focusing its agenda on involving local institutions in the delivery of regeneration policies, more academic research, and public policy itself, needs to focus on how best to consolidate and develop knowledge and learning within and between local (and regional and national) actors involved in the regeneration process. Currently, regeneration consultants are providing a private sector supply side response to this demand.

#### *Limitations and areas for future research*

The thesis would certainly have been strengthened had there been a consistent and comprehensive statistical database for the consultancy sector. This would have provided a national, regional and local context for the case study. It was not possible to derive, for example, figures on the numbers of regeneration consultancy firms operating in the Merseyside economy, details on turnover and sources of income amongst these firms and also figures relating to the total expenditure on consultants by key commissioning bodies. To obtain such data would require a major survey in itself. The qualitative evidence from this study demonstrates the pressing need for such a survey, justified not least by the marked increase in activity in the regeneration consultancy sector in recent years. Work on the producer service sector within geography has focused to date on sectors that have been easily quantifiable, such as the business services sector (as discussed in chapter two). Therefore,



there is a need for a rigorous quantitative study looking specifically at the regeneration consultancy sector. This is a difficult task as regeneration consultants, per se, are absent within currently available classifications and data sources. For example, commonly used references such as the yellow pages, and the Standard Industrial Classification place regeneration consultants under the banner of business and management consultants. While the qualitative evidence from this research signals that regeneration consultants can be viewed as being part of a wider producer service sector, it would have been more advantageous for this thesis had specific quantitative evidence been available to set the context for, and inform the qualitative findings. The work undertaken by this research and the surveys provided by professional magazines, such as 'Planning' and 'Regeneration and Renewal' (see bibliography), highlights that the regeneration consultancy sector needs to be recognised officially, and not least in the 'Standard Industrial Classification'.

Using the theoretical insights of the Learning Region and producer services literature this research has investigated the relationships between consultants and clients in relation to social interaction and 'social learning' processes. However, other avenues of investigation, in relation to client-consultant relationships, also clearly present themselves for future research. This research could profitably explore, therefore, issues of where the control mechanisms reside between clients and consultants; the type and nature of influence taking place between consultants and clients and in-depth analyses of the nature of decision making and authority in relation to the employment of consultants.

This thesis also has implications with for further research in the New Public Sector Management field, particularly surrounding issues of privatisation, contracting-out and issues of human resource and skills shortages within the public sector. By highlighting the wide spread use of consultants within the regeneration sector, this research has revealed the need for further investigation into issues surrounding barriers to learning amongst institutions and actors involved in the regeneration sector. It would appear that the regeneration skills base and knowledge of individuals and governance actors involved in urban regeneration at present needs to be harnessed and developed. The work of organisations such as the British Urban Regeneration Association (BURA) which have developed training units and courses for urban regeneration practitioners seems particularly relevant here.

Finally, this research has attempted to draw out aspects of good practice and positive client-consultant relationships in the regeneration sector. There is further room, in this context, for research into aspects of bad practice within regeneration. What happens when relationships between consultants and clients falter? Where do responsibilities lie when consultants do not deliver the intended outcomes from a piece of work and what are the implications of this?

# APPENDIX A

## THE LOCAL IMPACT OF URBAN POLICY: REGENERATION ON MERSEYSIDE

Today over 110 UK local authority areas are now involved in special area based regeneration schemes and some have several at the same time (Jupp 2000, p.17). For example, an area such as Liverpool has various action zones in place, New Deal for Communities, an Employment Links Strategy, Local Agenda 21, a CBED strategy initiated by the local council as well as a host of Objective 1 and SRB based projects and strategies in place. All of these initiatives involve partnership working to different degrees and the collaboration of public, private, voluntary and community sectors. In fact, Merseyside, in general, and Liverpool in particular are no strangers to urban policy. They have 'been on the receiving end of it since its inception and often acting as an experimental testing-ground for individual policy initiatives' (Meegan 1997, p.26). In terms of national urban policy initiatives, Merseyside has been the location of:

- ❑ one of the first Community Development Projects (Vauxhall in Liverpool);
- ❑ one of the first Enterprise Zones (in Speke, Liverpool);
- ❑ the first Task Force (Merseyside Task Force) and one of the first City Action Teams (Granby and Toxteth in Liverpool);
- ❑ one of the first 'outer-city' areas to be recognised for Urban Programme spending (Knowsley);
- ❑ one of the first generation UDCs (Merseyside Development Corporation);
- ❑ the first National Garden Festival site (Liverpool);
- ❑ some of the first Estate Action initiatives and Housing Action Trusts;
- ❑ two of the eleven 'pacemaker' City Challenge initiatives (Liverpool and Wirral City Lands) and one from the second funding round (Bootle in Sefton);
- ❑ the only 'sub-regional' Integrated Regional Office (Government Office Merseyside);
- ❑ the Single Regeneration Budget (has been running in many areas of Merseyside since 1993);
- ❑ New Deal for Communities (in Kensington, Liverpool, since 1999 and Knowsley since 2000).

(based on Meegan 1997, p.26):

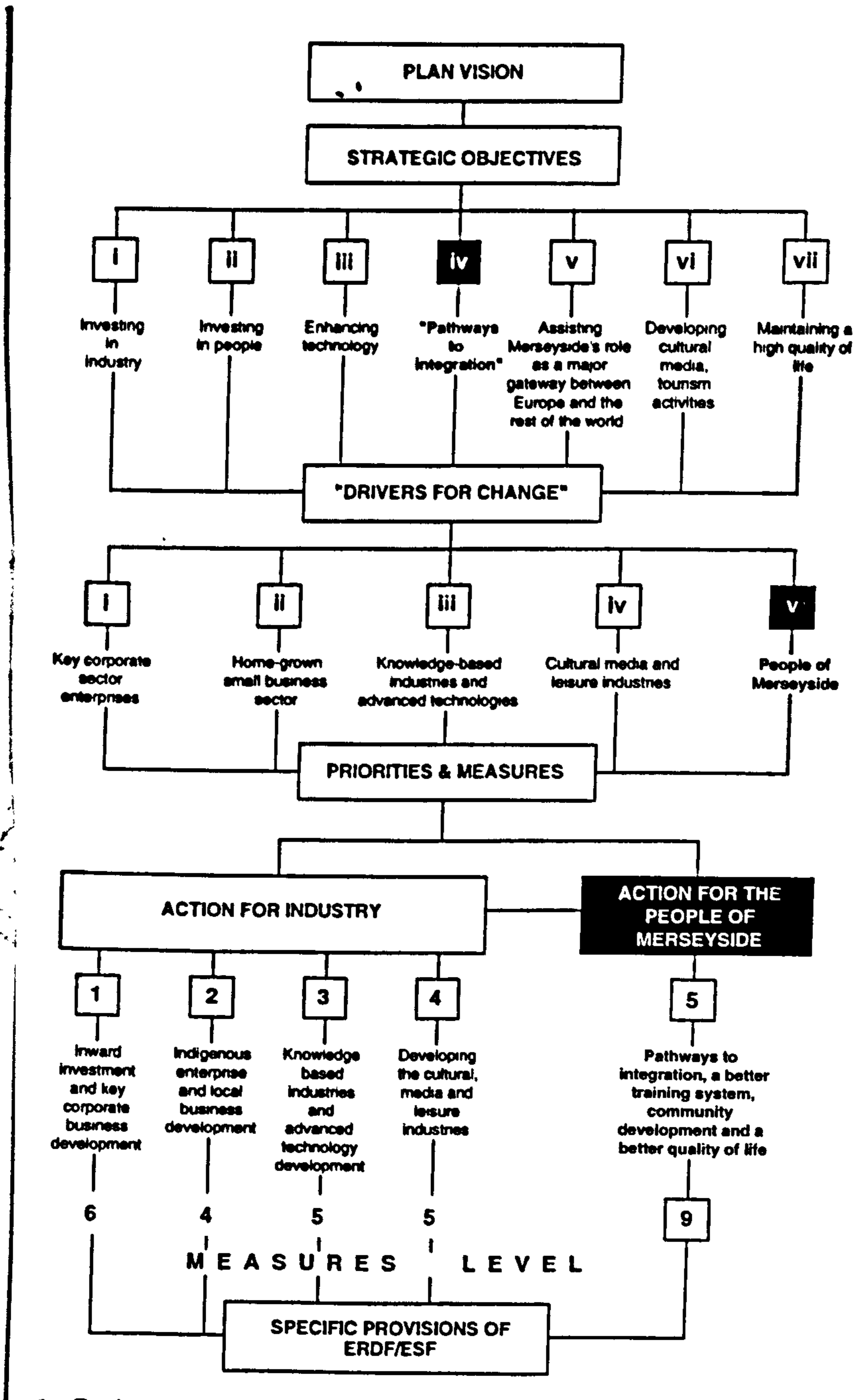
Merseyside has also become an experimental laboratory for a host of European regional development policies. For instance, having become the first conurbation in an old industrial region to be declared eligible for Objective 1 funding, 'Merseyside is now the vanguard of policy developments at a European level ' (Meegan 1997, p.29). These policy initiatives include:

- Merseyside Integrated Development Operation (MIDO – which ran from 1989-1993)
- Objective One, Round One (1994-1999);
- Objective One, Round Two (2000-2006);
- The URBAN programme (this has been running on Merseyside since 1996).

The designation of Merseyside as an Objective 1 area, is in itself a 'recognition, in part, of the failure of national urban policy seriously to get to grips with the area's social and economic problems' (Meegan 1997, p.29). Figure 1 sets out the regional development strategy in diagrammatic form. As can be seen, seven strategic objectives are designed to achieve the 'vision' through five local economic and social forces identified as being capable of acting as 'drivers for change' (Meegan 1997). Out of these five identified priorities, four address 'action for industry' and the fifth, 'action for the people of Merseyside'. The Merseyside Objective 1 SPD document notes that 'the most important driver for change is the people of Merseyside' (1994, p.32). This inclusion reflects the increasing emphasis within the European Union's social and economic policy 'on lessening the incidence of social and economic exclusion and attempts to find workable policy alternatives to 'trickle-down' approaches to urban and regional development' (Meegan 1997, p.29). The key features of the Merseyside objective 1 strategy for regional conversion can be summarised as follows (based on Meegan 1997, p.34):

- its clear emphasis on 'people-orientated' policies (as opposed to the 'hard infrastructure' projects – like transport facilities – that have characterised previous regional conversion plans sponsored by the Commission);
- in terms of its 'people-orientation', its pioneering 'Pathways to Integration' and within this,
- its spatially targeted element (38 Pathways Areas);
- its emphasis on community involvement and local partnership potentially offering,
- an alternative to 'top-down' policies for urban regeneration reliant purely on 'trickle-down'.

**Figure A.1: Merseyside's Regional Development Strategy**



In 2000 Merseyside received European funding under the second round of Objective One that would cover the period between 2000-2006. During this period the area will receive £844 million from the EU over the seven years of the new Objective One programme, which will

be matched by a further £844 million from the UK public sector. The new Objective One programme has four key priorities. *Priority one* focuses on businesses and looks to increase competitiveness, creating a knowledge-driven economy and by targeting small and medium sized enterprises (SMEs) with the greatest potential to grow. *Priority two* looks to developing people by increasing employment, providing people with the new skills they need and looks at reducing social and economic disparity. *Priority three* focuses on locations by concentrating new job-creating developments in eight 'Strategic Spatial Development Areas' (now called Strategic Investment Areas), which will be 'engines for economic growth in the long term' (SPD document executive summary 2000, p.4). *Priority four* aims to continue the development of Pathways communities through ensuring that the benefits of the programme, and particularly new jobs, are accessed by the most deprived communities on Merseyside.

In addition to these four priorities the second Objective One programme focuses on three cross-cutting themes, which 'will underpin and be considered against all actions, and are therefore integrated into all four of the Programme Priorities' (SPD executive summary, 2000, p.5). These cross-cutting themes include environmental sustainability, equal opportunities and social inclusion and finally information and communication technology (ICT). Environmental sustainability aims to ensure decisions about resources will meet existing needs without reducing the capacity of future generations in order to meet their needs. Equal opportunities and social inclusion aim to break down barriers to ensure all groups, and especially the most disadvantaged, can access new opportunities. Information and communication technology's aim is to develop Merseyside's e-commerce strengths and put communities on-line.

Strategic Spatial Development areas (see priority three) were set up in response to the new Objective One programme and the money being allocated to Merseyside will be concentrated in these areas. The eight SSDAs and the amounts they will receive between 2000-2006 can be seen in table 1 below. Before receiving this money each area was required to produce an Integrated Development Plan (IDP), which outlined the plans and proposals for the economic and social development of the individual SSDAs. These programmes are directed by SSDA boards made up of private sector, community representation and the public sector. Moreover, the 38 Pathways areas on Merseyside, set up as part of the first Objective One Programme, have been 'encouraged to work closely with the SSDAs and vice versa in order to ensure that the benefits of the programme will be received by local people' (Bob Pointing; supplement to the Daily Post, September 19 2001, p.3). Indeed, of the 20,000 new jobs that the SSDA programme has been designed to create, the aim is for Pathways residents to take up 8,000 of these (ibid, p.3).

**Table A.1: The eight SSDAs and the amounts they will receive**

<b>Strategic Spatial Development Area</b>	<b>Amount of Objective One investment</b>
Liverpool City Centre	£35 million
Atlantic Gateway	£9.97 million
Eastern Approaches	£6.96 million
Gillmoss/Kirkby	£8.58 million
Huyton/Prescot	£9.11 million
Speke/Halewood	£8.30 million
St Helens	£10.90 million
Wirral Waterfront	£9.18 million

Merseyside is therefore unique, in a British context, in the way it has been used as a laboratory for urban policy experimentation over the last two or three decades. It provides us with an excellent example in demonstrating how both contemporary British and European Union urban policy is been implemented. It becomes evident that a great deal of emphasis is now been placed on partnership working and community involvement along with an increasing focus on local economic development that has prioritised the socio-economic regeneration of the poorest and most excluded communities, which as this research has demonstrated, has opened up a market for regeneration consultants.

## APPENDIX B

### ECONOMIC AND SOCIAL DEVELOPMENT IN THE THIRD WORLD: THE RISE OF THE NON GOVERNMENTAL ORGANISATION SECTOR

Hastened by the end of the Cold War, the now dominant neo-liberal policy framework for global economic policy has been associated not only with a 'rolling back' of the state (and the virtual collapse of government in some countries) but also with a spectacular growth in the development of the NGO sector (Eade 1997, p.15). This phenomenon has, in part, been a spontaneous response to the damaging side effects of economic structural adjustment programmes, increasing poverty and social exclusion and the growing numbers of 'new poor'. As a consequence, by today, 'community based economic development is now a familiar concept in developing countries' (Slater 1998, p.266). There is now a burgeoning literature pointing to the failure of the centralised bureaucratic model of induced development which neglected large parts of the traditional economy, in favour of modern production enclaves of capital-intensive import substitution or primary export production (Slater 1998; Craig and Mayo 1995). However, as Slater (1998) states, 'the real development picture is almost always masked by the emergence of a dual economy, based around an urban-based industrial and service sector coexisting with a rural 'subsistence-plus' sector characterised by low productivity and high levels of poverty' (p.266). The response to this within developing countries has been two-fold. First, some countries have launched programmes to stimulate local economic development outside the formal industrial sector, which have gone some way to improving local economies, and the second response has been an almost spontaneous growth in community initiatives, of which some has depended on support from Non Governmental Organisations (NGOs) (ibid, p.266). It is towards the second of these two responses and the involvement of NGOs in community development and the rise of a contracting, consultancy-like culture, that I will now turn.

#### *Explaining the Emergence of the NGO Sector*

As Turner and Hulme (1997) argue, until the 1970s there was little appreciation of the potential role of NGOs in implementing development projects and influencing policy. In short, southern

and international NGOs were perceived as 'bit players' providing services and with some expertise in short-term relief and emergency work (Turner and Hulme 1997, p.202). However, the 1980s, as Bebbington (1993) suggests, witnessed a remarkable change in the scale and significance of NGOs, with them 'moving increasingly into the centre stage in terms of both development practice and debate and in terms of their high profile within the media' (p.1). This movement in NGO development became even more pronounced after the end of the Cold War which saw an 'explosive growth in the number, size and reach of the transnational NGO movement' (Edwards 2000, p.9). Edwards (2000) states that the figure of 176 'international' NGOs in 1909 had increased to 28,900 by 1993. Over 20,000 transnational NGO networks are currently active on the world stage and ninety percent of these have been formed in the last thirty years. The story is similar for many southern NGOs. For example, the number of NGOs registered with the Nepal government grew from 220 in 1990 to 1,210 in 1993. Moreover, in 1996, Edwards (2000) notes how the largest ever survey carried-out of the non-profit sector found over a million such groups in India, and 210,000 in Brazil.

Turner and Hulme (1997) also suggest that NGOs are not only operating on a larger scale, but they are also extending their roles to encompass more responsibilities. For example, the authors note (ibid, p.204), how in Somalia, Northern Uganda and Southern Sudan, NGOs have operated as local administrators, co-ordinating and planning operations across entire districts during turbulent times. Korten (1990) also shows how the increasing scale, profile and capacities of NGOs have led to changes in their roles and relationships, which represent a generational shift from a focus on relief and welfare (as in the 1970s and beforehand) towards more community development, advocacy and finally to people's movements by the 1990s.

In terms of the reasons given for this rapid rise and change in NGO roles and responsibilities, several arguments have been put forward (Edwards 2000; Turner and Hulme 1997; Korten 1990). Edwards (2000) argues that there have been at least three reasons for the rapid rise of NGOs. The first is that ideas about international development have moved on, away from the notorious 'Washington Consensus' – the belief that free markets and liberal democracy provided a universal recipe for growth and poverty-reduction (Edwards 2000, p.10). As Edwards states (ibid, p.10):

“NGOs are no longer instruments to pick up the pieces of state's and market failure ('ladles in the global soup kitchen' as some have called them), but a force for transformation in the global politics and economics. A strong social and



institutional infrastructure is now seen as crucial to growth and development: 'social capital' – a rich weave of social networks, norms and civic institutions – is just as important as other forms of capital to these ends."

Other authors have also suggested that the impact of neo-liberal economic policies have 'caused increasing disquiet within some of the UN specialised agencies: notably UNDP, UNICEF and UNRISD' (Eade, 1997, p.14). As Eade (1997) states, 'a broad-based and vocal consensus around the idea of human or people-centred development began to emerge, which also included citizens groups (such as Freedom from Debt Coalition in the Philippines, the Self-Employed Women's Association and the Latin American Forum on Debt and Development) and various influential NGOs' (p.15). Therefore, there was an increasing realisation amongst the NGO sector and other influential international agencies that development could not be delivered by markets or by economic growth alone. Furthermore, 'the assumption that development would trickle down to all income classes and that it was gender neutral in its impact was thus widely discredited' (Eade, 1997, p.15).

Second, involving NGOs has come to be perceived as cost-effective public relations, especially, as Edwards (2000) states, for institutions like the World Bank and the IMF that are under attack for their secrecy and weak accountability. For example, international agencies have found that partnerships with NGOs contribute to more efficient project implementation and a lower rate of failure; a better public image and more political support, especially among key shareholder governments in North America and Western Europe; and research and policy which is more informed and less constrained by internal orthodoxy (Edwards 2000, p.11). Charlton (et al; 1994) also draw attention to how the World Bank have, for example, envisaged NGOs playing an important role as 'intermediaries' between government's and the people, thereby playing a key role in defining the relationships that are developing between states and civil societies in the South (ibid, p.2-3).

Finally, Edwards (2000) suggests that what once was seen as unthinkable within international relations is now rapidly becoming accepted i.e. that non-state actors have a crucial role to play in global governance (p.11). NGOs are seen as providing additional channels for popular participation, and help to ensure that those on the margins also have a voice. This emphasis on 'governance' rather than 'government' (see also chapter two), recognises that business and civil society all play an important role in constructing the regimes of the future. As Edwards (2000, p.12) suggests:

**“The age of ‘soft power’ has arrived, bringing in its wake a gradual but potentially seismic shift in international relations - in which global governance is likely to consist, not of a single framework of international law applied through national state authorities, but of a patchwork quilt of agreements negotiated between governments, corporations and citizens groups at different levels of the world system.”**

Overall, these three developments can all be seen as contributing to the rapid rise and increased responsibilities of NGOs involved in economic and social development. This has led some authors to argue that this rise in NGOs can be seen as been part and parcel of the ‘associational revolution’ (Salamon 1993, p.1) sweeping the globe in the late twentieth and early twenty first century (Hulme and Edwards1997). As a result, these authors argue that NGOs have become significant players in social welfare and employment markets at the national level, and ‘their visibility in the policy-making fora, the media, and with the general public, has never been higher (Hulme and Edwards 1997, p.3).

### ***Community Capacity-Building, Empowerment and Participation***

As Eade (1997) notes, ‘if scaling-up was all the rage in the late 1980s, the latest fashion for maximising NGO impact is ‘capacity-building’ and that ‘along with empowerment and participation and gender equity, capacity-building is seen as an essential element if development is to be sustainable and centred in people’ (Eade 1997, p.14). It would seem that capacity building is increasingly viewed as an important strategy towards a comprehensive community development programme by many official donors and multilateral agencies. In fact, a central objective that echoes throughout the halls of many recent UN summits ‘is the ritual calls for capacity-building programmes for NGOs and other social organisations’ (Eade, 1997, p.1). As Eade (1997, p.2) points out:

**“A survey among European and North American development NGOs reported – not entirely surprising, given the growing dependence on channelling government funding – that nine out of ten respondents identified capacity-building in the South as a core activity.”**

Institutional support for community participation in terms of cost-saving, project efficiency and self-help has also included some recognition of community participation in relation to the importance of strategies for empowerment. These ‘potentially more radical agendas and strategies to promote empowerment, however, have been more particularly associated with the NGO sector and with community organisations and people’s movements’ (Craig and Mayo 1995,

p.2). Quoting the Brundtland Commission's conclusion that one of the main prerequisites of sustainable development is 'securing effective citizens participation', Clarke (1991) has argued that this sums up the central tenet of progressive NGOs, with effective participation as the key to the struggle by the poor for equity, human rights and democracy. Indeed, there seems to be broad agreement, internationally, that community development projects will have little impact, and may not even reach their most important objectives, unless they are 'participative' (Eade and Williams, 1995). Participation is seen to enhance the efficiency, effectiveness and sustainability of aid programmes. It 'is increasingly linked by donors to the promotion of democratic processes by strengthening citizens capacity to participate in national and international policy debates' (ibid, 1995, p.13).

But the NGO sector is not alone in this apparent commitment to empowerment and participation. The World Bank, for instance, has included empowerment as one of the main objectives of community participation, if not necessarily the objective which has been most dominant (Craig and Mayo 1995). For instance, the World Bank's Popular Participation Learning Group defines participation as 'a process whereby those with legitimate interests in a project influence decisions which affect them', identifying four different levels of participation (cited in Eade and Williams, 1995, p.15):

- 1] **Information sharing:** people are told about a development project and how it may affect them and so can (theoretically) decide on their level of involvement in it.
- 2] **Consultation:** people are consulted on key issues, and may provide vital feedback to project managers.
- 3] **Decision-making:** people are involved in the design and implementation of a project, and thus influence its development at every stage.
- 4] **Initiating action:** people organise themselves to take action in the face of a shared problem or area of interest, rather than responding to the initiative of outside agencies.

### ***Contracting Out: NGO Consultants in the Third World***

With NGOs becoming the 'channel of choice' for many official donors in relation to community development in the Third World, a climate of 'out-contracting' and privatisation has steadily been growing in these areas, leading some authors to argue that NGO activities have gradually come to resemble those of professional consultants (Robinson 1997; Eade 1997; Craig and Mayo 1995, Korten 1990). Thus, against a background of steady decline in government to government aid

(German and Randel 1996) NGOs are competing for contracts to provide health care programmes, education projects, agricultural extension services, training courses, evaluations, organisational management consultancies and so on (Eade, 1997, p.17).

However, a number of authors also point out that voluntary organisations/NGOs are being pulled in two different directions (Craig and Mayo 1995). On the one hand, there have been efforts to convince NGOs that they need to move from being relief and welfare agencies, or even the supporters of local development projects, to the next stage of developing a more strategic approach. NGOs, 'it has been argued, need to press and negotiate with national and local government structures, working in partnership with them and with the private sector to move towards this more strategic approach' (Craig and Mayo 1995, p.7). Furthermore, international NGOs, it has been stated, need to develop networks, and to campaign internationally, to lobby Northern Governments for the changes that are necessary for international justice (Clarke 1991). On the other hand, NGOs are also being pulled in the direction of closer incorporation into official structures, and into operating in more market-driven ways (Craig and Mayo 1995), as a direct result of their engagement with the contracting-out process.

The term public service contractors (PSCs) was coined by David Korten (1990) to denote those NGOs which function as market-orientated non-profit businesses serving public purposes. Such organisations, it is argued by Korten, sell their services to aid donors and government agencies to implement projects and programmes. As Robinson (1997) notes of these agencies, 'they are distinguished from voluntary organisations in that they are driven by market considerations than by values, and thus have more in common with private businesses, even though their avowed purpose is to provide services to third parties' (p.59).

According to Korten, this has arisen because the features that donors look for when seeking to engage NGOs as implementers of projects are becoming increasingly rigorous and demanding and include evidence of technical competence, well-developed management systems and a concern with cost-efficiency. Moreover, he claims that there are pressures on voluntary organisations to become PSCs. These include: uncertain and precarious finances and the attraction of donor funding; strains induced by constantly combating established values and practices; the difficulty of maintaining value consensus and organisational commitment in the face of growth; an obligation to provide job security to paid staff; the belief that the resources made available by contracting will increase the opportunities to concentrate on priority tasks; and

pressure from donors to recruit more specialists with a view to professionalisation (Korten 1990, p.103). In view of this, and as Robinson (1997) suggests, it is difficult for all but the most committed of NGOs to be lured by the attraction of contracting, but in so doing they may be in danger of losing sight of their catalytic role and value-driven orientation. This is also emphasised by Craig and Mayo (1995) who state, that in order to survive in a more professional and contracting-out culture, 'voluntary organisations and NGOs, both in the North and South, are forced to behave in a commercially viable fashion. A competitive process which risks driving the smaller, less commercial and more community based organisations out of the market and thus leaving the survivors less and less clearly distinguishable from their private sector counterparts' (p.7).

Korten (1990) predicted that there would be 'a substantial increase in demand from donors to legitimate, qualified public service contractors to manage large-scale implementation of social projects that government has proven incapable of handling' (p.103). Robinson (1997) argued that in the five to six years preceding Korten's prediction, there was certainly evidence of such a trend, but that there was, surprisingly, according to Robinson, little documentation of contractual arrangements involving NGOs and that there has been little in-depth analysis of this consultancy culture and questions of accountability, effectiveness and performance have only really ever been discussed tangentially (ibid, p.60). He goes on to argue that the pressures for NGOs towards more consultancy-like contracting arrangements with governments and donors does not only stem from factors associated with funding, professionalisation and organisational growth, but also from important structural and ideological processes (1997, p.61). The structural processes stem from policy responses to economic decline in the 1980s in the form of stabilisation and structural adjustment. As Robinson notes (ibid, p.61):

"Stabilisation measures generally entailed sharp reductions in public expenditure and devaluation raised the prices of goods and services. Adjustment measures invariably focused on reducing the size and role of the state and promoting the growth of the private sector through privatisation and institutional reform."

As such, NGOs have expanded their social delivery functions in response to these cutbacks in spending on health, education, rural development and other public services, often with the active encouragement of aid donors (Robinson 1997). Moreover, the reduction in state capacity and public services has gone hand in hand with an increasing volume of donor support channelled through NGOs, principally in the form of grants, but as Robinson stresses, increasingly by means of contracts (ibid, p.61).

Ideological factors have also contributed towards the thinking about the role of NGOs in public service provision. While government is perceived as being inefficient, hampered by bureaucracy and 'in the thrall of self-interested politicians', NGOs are seen to be low-cost, flexible, participatory and able to reach the poor (Robinson 1997, p.61).

As a result of these developments Robinson argues that the preferred route by many aid donors is to contract the services of NGOs or even private sector bodies on a competitive basis. For example, USAID in the United States, increasingly favours contracts as the principal means for project implementation, in which NGOs tender alongside private sector agencies for contracts for the procurement and delivery of food aid, the implementation of development projects and advisory services. In a similar fashion, Robinson also states how the ODA in Britain also employs competitive tendering in awarding consultancy and research contracts, although its principal means of funding NGOs is through grants rather than contracts (1997, p.65). The World Bank has also used contracts for involving NGOs in development projects. Out of 218 World Bank projects involving NGOs in the period between 1973-1988, sixty-eight (31%) were through contracts (ibid, p.65). Robinson notes how the PSCs worked as consultants to government agencies or financial institutions to strengthen institutional capacity, or as contractors designed to construct roads, schools and other public works. As Robinson states, 'many PSCs working in this capacity behaved like private sector companies, receiving market rates for their services, but operated on a non-profit basis and derived their funding from sources other than contracting (ibid, p.65). As for the reasons for using NGOs for delivering these development projects, Robinson cited specialist skills and expertise as been key factors influencing their usage by donors such as the World Bank. However, cost was also seen as an influencing factor due to their low overheads and tax advantages.

Robinson argues that there are three general categories of NGOs that are operating in the contracting mode. The first category are highly specialised non-profit consultancy firms who are experienced in advisory work and implementing donor projects. Robinson states that these are the 'true PSCs'. However, as the author stresses, these only constitute a very small proportion of the NGO sector and are usually, but not exclusively, based in the United States, and derive the bulk of their funding from competitive aid contracts.

The second category are larger international NGOs that are accustomed to implementing large-scale development projects or which possess specialised skills. Examples of these organisations include World Vision and ACTIONAID. Robinson states that these agencies 'are valued for their participatory approach and ability to operate on a large scale at relatively low cost, tender selectively for aid contracts in countries where they are already working and where the projects are consistent with their broader development objectives' (ibid, p.76).

The third category of NGOs are indigenous voluntary organisations. These are a small minority, principally located in Latin American, and are similar to their North American counterparts, operating on market principles as non-profit service providers competing for government contracts with private sector firms.

It would seem therefore that consultancy activities and the presence of a contracting-out culture are certainly evident within a developing world context, in the wider process of economic and social development. Although, as Robinson (1997) also notes, this literature is presently limited and has no in-depth analysis of the role and nature of these NGO consultancy activities, the current research does suggest how the activities of these organisations feed upwards into the policy discourse of governments and key national and international donor institutions (i.e. where increasingly funding for such programmes is provided). This raises interesting questions, not addressed in this literature, of whose ideology is being pushed i.e. within the new era of 'governance' as opposed to 'government' (chapter 2) are non governmental organisations seen as the justifiable means under which western socio-economic and political ideological ends can be still be pursued and developed in 'non-western' regions and countries? After all, the current NGO literature suggests that the very survival of non-governmental organisations, involved in economic and social development projects, in an increasingly competitive contracting-out environment, is dependent on funding from western government's and institutions such as the World Bank. Therefore, whose agenda is being pursued and for the good of whom are these socio-economic projects being developed? Are they being developed for the genuine good of those people and regions in the developing countries or can it be seen as a more subtle form of western imperialism, pursued through 'softer' forms of governance where the key objective has been to spread key western institutional and governmental ideology?

# APPENDIX C

## CONSULTANT QUESTIONNAIRE

Date:

Time:

### Semi-Structured Interview with Consultants:

**SECTION 1: *Background of the organisation and the position of the respondent within it. General information on the professional background of the consultant***

#### Section 1

1. Respondents Name
2. Organisation
  - 2.1 Name of Organisation
  - 2.2 When was it established and by whom?
  - 2.3 Why was it established (i.e. in response to Objective One or any other similar policy programmes?
  - 2.4 How is the company structured and what is its legal status? (pls, Ltd, Co-operative, small private partnership, etc)
  - 2.5 Where does it operate? Is it solely in Merseyside or elsewhere as well?



2.6 What are the company's specialities and key skills?

2.7 How many people do they employ?

2.8 What is your employment status within the company? Has this changed at all over time?

### **Section 1.2**

3. What is your professional background (i.e. is it purely consultancy based or from a research background ?)

4. What has been your career path?

5. How long have you been a consultant?

6. How did you become involved as a consultant?

**Section 2: *General information regarding the consultancy sector and in particular in relation to those actively involved in community-based economic and social regeneration.***

**Section 2**

7. Have there been any significant changes/patterns in the type of consultancy work that has been carried-out?
- i.e. - scale/size
  - clients
  - type of projects
8. How have these changes impacted on your organisation and your career/work patterns?
9. Have you witnessed any changes in the consultancy sector in relation to those now predominantly involved within community-based economic and social regeneration i.e. type of organisations or more freelancers, etc ?
10. Talked to a number of consultants and they mention all the different types of projects they've been involved with i.e. design and development, implementation and evaluation, etc. What has been your experience of this and has it changed over time?

**Section 3: *Information on the work respondent and his/her organisation has carried-out with regards to community-based economic and social regeneration. In particular to focus on the work undertaken over the past 5 years.***

**Section 3**

11. To what extent have you been involved in community-based economic and social regeneration?
  
  
  
  
  
  
  
  
  
  
12. How are your consultancy services used in regeneration programmes/projects?
  
  
  
  
  
  
  
  
  
  
13. What type of projects have you been involved in/with (i.e. training, capacity-building, feasibility studies, etc)?
  
  
  
  
  
  
  
  
  
  
14. How and to what extent have you been involved in community planning and community consultation?

15. Who have been the main clients/commissioning bodies that you have dealt with?

- # specific names of clients
- # what kind of work carried-out
- # are they still there

Thank-you very much for your time – sum up.

# Any particular consultants you think I should talk to?

# CLIENT/COMMISSIONING BODY QUESTIONNAIRE

Date:

Time:

## Semi-Structured Interview with Clients/Commissioning Bodies

**SECTION 1: Background of the organisation and the position of the respondent within it. General information on the professional background of the respondent.**

***Introduction:** Research is exploring the role of consultants and contracted out technical assistance in community based economic and social regeneration: How their services are used by commissioning bodies; relationships between commissioning bodies and consultancy firms; the nature of the involvement, etc.*

### Section 1

1. Respondents Name
2. Organisation
  - 2.1 Name of Organisation/Department
  - 2.2 When was it established?
  - 2.3 Why was it established?
  - 2.4 What is the structure of the organisation (public sector, public-private, voluntary sector, etc)
  - 2.5 Where does the organisation operate?
  - 2.6 What are the organisations key roles and responsibilities?

- 2.7 What is your employment status within the organisation? Has it changed at all over time?
- # how long in your present position
  - # how long have you been in the position of having responsibility of commissioning work

**SECTION 2: Information on how the commissioning body uses contracted-out technical assistance.**

**Section 2**

3. Who have been the main consultants that you have dealt with and used?
- *has this changed at all over time*
  - *what projects have you had carried-out*
4. How do you use the services offered by consultancy firms?
5. On what types of projects do you use technical assistance by consultancy firms?
- *feasibility studies*
  - *business plans*
  - *training*
  - *application and bid writing etc. etc.*

6. Why do you use consultants to deliver these particular duties?

- *no in-house expertise/lack of appropriate staff*
- *no time*
- *need a consultants 'stamp' on a piece of work for legitimisation purposes*
- *do they develop or undermine p/ship networks?*

7. What selection criteria do you use in choosing which consultants to use on projects?

- *size of firm*
- *cost*
- *previous experience i.e. knowledge of the company*
- *key skills and specialities of the firm*
- *geography (local firm V's outside consultancies)*
- **depending on the tender – what's the process by which you tender out work?**

8. How do you ensure that you get good value for money from the consultants that you use i.e. quality assurance?

- *emphasis on capacity-building mechanisms rather than consultants just producing reports and then leaving, etc.*
- *clauses in contract i.e. contractual arrangement, etc.*

9. How is the information that you receive from consultants used?

- *how is the knowledge/advice from the consultants consolidated into the organisation? (or do reports just collect dust on shelves!!!!)*
- *how is the information collated?*
- *do other departments get to use the information?*

**Section 3: General information on any changes or patterns in the use of consultancy firms and contracted-out technical assistance by the commissioning body – looking specifically at the past 5-6 years.**

10. Has the way in which you use consultancy firms changed at all over the past 5-6 years?

- *If not, why is this?*
- *If yes, in what ways?*
- *contract out more/less work*

11. Have there been any significant changes/patterns in the type of work that you contract-out?

- *type of projects*
- *size of projects*



12. Are these changes reflected in the types of consultancy firms that you may use for particular projects?

- *i.e. use of more flexible freelancers, etc*

13. Do you tend to use the same consultancy firms time and again?

- *due to familiarity*
- *know what you get from them*
- *relationship of trust*

**Thankyou very much for your time**

## **APPENDIX D**

### **LETTER SENT TO CONSULTANTS**

Dear ..

I am a second year PhD student at Liverpool University's Geography Department. My research (see attached annex) is exploring the role of consultants in urban regeneration, using Merseyside as a case study region.

A major part of this research involves a series of semi-structured interviews with consultants who are Merseyside based or who have undertaken work in the area. The aim here will be to explore various issues, including: the degree to which consultants are involved in community based economic and social regeneration; the nature of this involvement; the range of consultancy services provided to different bodies; the role of consultancy within local governance and broad developments within the consultancy sector.

I am writing to you to see whether you would be prepared to take part in this series of interviews. The interview should take 45 minutes.

I will follow up this letter with a telephone call to see whether you are willing to be interviewed. If you have any queries in the meantime please do not hesitate to contact me on 07931182590 or my supervisors, Mr Richard Meegan on 0151 7942850 or Dr Jane Hobson on 0151 342 4155.

I do hope you will be willing to take part in my research.

Yours sincerely,

Gerwyn Jones

## **LETTER SENT TO CLIENTS/COMMISSIONING BODIES**

Dear

I am a third year PhD student at Liverpool University's Geography Department. My research is exploring the role of consultants in urban regeneration, using Merseyside as a case study area.

A major part of this research involves a series of semi-structured interviews with commissioning bodies/client groups who are Merseyside based and who have used the services offered by various consultancy firms and contracted-out technical assistance. The aim here will be to explore several issues, including: the degree to which consultants are used in community based economic and social regeneration; the nature of this involvement; how their services are used by commissioning bodies and the relationships between commissioning bodies and consultancy firms.

I am writing to you to see whether you would be prepared to take part in this research. The interview should take no longer than 45 minutes.

If you are willing for me to come and talk to you I can be contacted by email at [gerjones@madog.fsworld.co.uk](mailto:gerjones@madog.fsworld.co.uk). Alternatively I will follow up this letter with a telephone call to see whether you are willing to be interviewed.

Yours sincerely,

Gerwyn Jones

# **APPENDIX E**

## **ANNEX**

### **The role of consultants in urban regeneration, using Merseyside as a case study region.**

The research is funded by an Economic and Social Research Council (ESRC) Case Collaboration Studentship. It is designed to explore the role played in the process of urban regeneration by consultancy, using Merseyside as a case study region.

The collaboration is between the University of Liverpool Geography Department and a Merseyside-based, private sector, consultancy firm.

# APPENDIX F

## A MAPPING OF ALPHA'S REGENERATION PROJECTS: ECONOMIC AND SOCIAL REGENERATION

<b>Date</b>	<b>Client</b>	<b>Description</b>	<b>Output</b>	<b>Project Size/Value</b>
Mar '95 <i>(completed June '95)</i>	LEDA (Liverpool Economic Deveolpment Agency for Women.)	Feasibility Study for a Woman Enterprise Resource Centre	Report	£5-10,000
May '95 <i>(completed Oct '95)</i>	Liverpool City Council Economic Initiatives	Preperation of CBED Strategy for North-Central Partnership	Report	£5-10,000
May '95 <i>(completed Oct '95)</i>	Liverpool City Council Economic Initiatives	Preperation of CBED Strategy for East-Central Partnership	Report	£5-10,000
May '95 <i>(completed Oct '95)</i>	Partnership Board: Liverpool City Council Planning Dep't	Assistance for the planning dept. with Development of the East Central Partnership Strategic Plan	Survey	£20-30,000
May '95 <i>(completed July '95)</i>	Irwell Valley Housing Association	Identification of Potential Sources of Funding for Housing Associations	Report	£1-5,000
June '95 <i>(completed Oct '95)</i>	Partnership Board: Liverpool City Council Planning Dep't	Completion of Employer Survey for East Central Partnership	Survey	£5-10,000
June '95 <i>(completed Oct '95)</i>	Liverpool City Council Economic Initiatives Unit	Preperation of Strategy for Developing Womens Task Group: Employment and Enterprise Opportunities	Report	£1-5,000
July '95 <i>(completed Oct '95)</i>	Merseyside TEC	To Undertake a Skills Audit of Residents in the East Central Partnership Area	Survey	£30-40,000
Aug '95 <i>(completed Sept '95)</i>	Liverpool City Council	Assemble Strategy for European URBAN Initiative	Report	£1-5,000
Sept '95 <i>(completed Oct '95)</i>	Norris Green Partnership	Delivery of a Training Session on Partnership Project Development	Training: Capacity - Building	£1-5,000
Oct '95 <i>(completed Oct '95)</i>	Fazakerley and Gillmoss Partnership	Preperation and Delivery of a Project Sifting Presentation to Steering Group	Training	under£1,000
Sept '95 <i>(completed April '96)</i>	Dingle 2000	On going Consultancy to Assist with SRB project Development Work	Support to Individual Projects:Staff Replacement	£10-15,000

<b>Date</b>	<b>Client</b>	<b>Description</b>	<b>Output</b>	<b>Project Size/Value</b>
<b>Sept '95</b> <i>(completed April '96)</i>	Liverpool City Council: Planning Dep't	On going Consultancy to Assist the East Central Partnership	Staff- Replacement	£20-30,000
<b>Nov '95</b> <i>(completed Mar '96)</i>	GOM (Government Office Merseyside)	Identification of Funding Sources for Fair Play, Merseyside	Directory of Funding - Sources	£1-5,000
<b>Nov '95</b> <i>(completed Mar '96)</i>	Liverpool City Council Economic Initiatives Unit	Development of a Child-Care Strategy on behalf of Speke/Garston Part/ship	Report	£5-10,000
<b>July '95</b> <i>(completed Aug '95)</i>	North Central Partnership	Assist in Development of CBED Strategy	Training	£1-5,000
<b>Nov '95</b> <i>(completed Apr '96)</i>	Dingle 2000	Feasibility Study of Community Nursery	Report	£5-10,000
<b>Nov '95</b> <i>(completed Mar '96)</i>	Dingle 2000	Feasibility Study for a Resource Centre	Report	£5-10,000
<b>Dec '95</b> <i>(completed Mar '96)</i>	Dingle 2000	Feasibility Study to Refurbish Garage	Report	£1-5,000
<b>Jan '96</b> <i>(completed July '96)</i>	Liverpool City Council Economic Initiatives	Implementation of CBED Strategy	Report	£10-15,000
<b>Dec '95</b> <i>(completed Dec '95)</i>	Merseyside TEC	Completion of ESF Applications	Application Writing	under£1,000
<b>Feb '96</b> <i>(completed August '96)</i>	Speke/Garston Part/ship	Community Consultation for Garston Regeneration Strategy	Report	£5-10,000
<b>MAR '96</b> <i>(Completed June '96)</i>	MELU (Merseyside European Liason Unit)	Pilot Project Assessing Demand for Services and Creating Jobs for them	Report	£30-40,000
<b>Mar '96</b> <i>(completed July '96)</i>	Speke/Garston Part/ship	Community Development and Involvement Strategy	Report	£10-15,000
<b>MAR '96</b> <i>(Completed Sept '96)</i>	Sub-contracted by EDAW	Speke/Garston Masterplan: Community Consultation (Development Plan)	Report	£20-30,000

<b>Date</b>	<b>Client</b>	<b>Description</b>	<b>Output</b>	<b>Project Size/Value</b>
<b>Nov '95</b> <i>(completed</i> <b>Nov '96)</b>	Sub-contracted work for PS Consultants	Input into Housing Estate Regeneration Plan	Report	£1-5,000
<b>May '96</b> <i>(completed</i> <b>Oct '96)</b>	Parks Partnership	Establishing a Business Association in Parks	Report	£10-15,000
<b>May '96</b> <i>(completed</i> <b>Oct '96)</b>	Parks Partnership	Follow on CBED Strategy	Report	£10-15,000
<b>June '96</b> <i>(completed</i> <b>August '96)</b>	Walton County Tennants Association	Development of a Business Plan for a Multi-Purpose Centre	Business Plan	£10-15,000
<b>June '96</b> <i>(completed</i> <b>Sept '96)</b>	CRED - Liverpool University	Ex-post Evaluation of Objective 2 EU Programme for North-West England	Report	£10-15,000
<b>June '96</b> <i>(completed</i> <b>June '97)</b>	Liverpool Housing Action Trust (HAT) - Joint proposal with Oscar Faber	Development of a Transport Strategy for HAT Tenants: to bring about improvements in public and community transport services	Report	£5-10,000
<b>July '96</b> <i>(completed</i> <b>July '96)</b>	Speke/Garston Part/ship	Development of Business Plan for Garston Village Hall	Business Plan	£1-5,000
<b>Sept '96</b> <i>(completed</i> <b>Dec '96)</b>	Sub-contracted work for National Tenants Resource Centre	Survey of Training Programmes for Special Needs	Survey	£15-20,000
<b>SEPT '96</b> <i>(Completed</i> <b>Oct '96)</b>	Liverpool University	Community Involvement in Sports Lottery Bid	Report	£1-5,000
<b>Sept '96</b> <i>(completed</i> <b>Nov '96)</b>	Merseyside Employment Liason Service	Project Development for the ELS	Report	£1-5,000
<b>Oct '96</b> <i>(completed</i> <b>Nov '96)</b>	Liverpool City Council Project done with USA	Review of LCC CBED Strategy	Report	£5-10,000
<b>Nov '96</b> <i>(completed</i> <b>Jan '97)</b>	Walton County Tennants Association	Follow on work - Development of Business Plan	Business Plan	£1-5,000
<b>Dec '96</b> <i>(completed</i>	Speke Garston Part/ship Sub-contracted by	Assessment of accommodation needs of voluntary community organisations	Survey/Audit	£1-5,000

<b>Date</b>	<b>Client</b>	<b>Description</b>	<b>Output</b>	<b>Project Size/Value</b>
<i>Feb '97</i>	GRIMLEYS: physical regeneration consultants	within Speke Disrrict Regeneration Strategy		
<i>Jan '97</i> <i>(completed Feb '97)</i>	Sub-contracted by Blake Stevenson Ltd.	Information Gathering and Audit of Child Care Provision in Speke/Garston Area	Survey	£1-5,000
<i>Jan '97</i> <i>(completed June '97)</i>	Speke Garston Part/ship	Project Management and Implementation for Garston Village Hall	Report	£10-15,000
<i>Jan '97</i> <i>(completed Apr '97)</i>	Liverpool Social Part/ship	Pilot (Drugs Prevention in the Work Place) Development	Publication	£5-10,000
<i>Jan '97</i> <i>(completed Feb '97)</i>	Garston Community Council	Development Plan for GCC	Report	£1-5,000
<i>Feb '97</i> <i>(completed Mar '97)</i>	Knowsley Regeneration Part/ship: Carole Parker	Feasibility Study for a Care Training Initiative	Report	£5-10,000
<i>Feb '97</i> <i>(completed Apr '97)</i>	Norris Green Community Health Forum	Ellergreen Multi Purpose Centre: Development of a Business Plan and Funding Strategy	Business Plan and Funding Str.	£5-10,000
<i>Feb '97</i> <i>(completed Feb '97)</i>	Walton County Tennants Association	Consultancy Support for Development Plan	Training	£1-5,000
<i>Mar '97</i> <i>(completed June '97)</i>	Speke Garston Part/ship	Provide Assistance to Develop a Family Centre in Conjunction with Liverpool Social Services and National Children's Homes	Report	£5-10,000
<i>Mar '97</i> <i>(completed May '97)</i>	Sub-contracted by USA: Sophie Krajaska	Increase Community Involvement through Production of a Residents Directory and Information Guide	Report and Neighbourhood Seminar	£1-5,000
<i>Mar '97</i> <i>(completed June '97)</i>	DFEE	Projects Appraisal of Second Round of the Employment Community Initiative	Report	£40-50,000
<i>June '97</i> <i>(completed June '97)</i>	Knowsley SRB: Carole Parker (project manager)	Continuation Check	Report	£1-5,000
<i>MAY '97</i> <i>(Completed June '97)</i>	Knowsley SRB: Carole Parker	Provide Development Support to Huyton Credit Union	Report: Development Plan	£5-10,000
<i>MAY '97</i> <i>(Completed)</i>	Riverside Housing Association	Feasibility Study and Business Plan for Bromborough Pool Village Hall	Report	£1-5,000



July '97)

<b>Date</b>	<b>Client</b>	<b>Description</b>	<b>Output</b>	<b>Project Size/Value</b>
June '97 (completed Nov '97)	NTRC: National Tenants Resource Centre	Provision of Training and Guidance Information	Report	£10-15,000
July '97 (completed Aug '97)	ELS: Merseyside Employment Liason Service	Feasibility and Preperation of ESF Bids	Report and Bid Writing	£5-10,000
Sept '97 (completed Nov '97)	Breckfield Area Liaison Group	Breckfield Initiative Action Plan	Report	£20-30,000
Sept '97 (completed Sept '97)	Stanley Part/ship	Re-Write of Unsuccessful Millennium Bid	Bid Writing	£1-5,000
Dec '97 (completed Mar '98)	Hereford City Council Sub-contracted by BEP Warrington	SRB Bid Writing	Bid Writing	£10-15,000
Oct '97 (completed Oct '97)	Granby Toxteth Development Trust	Completion of ERDF Bid	Bid Writing	£1-5,000
Oct '97 (completed Dec '97)	Liverpool HAT (Housing Action Trust)	Development of Local Labour Market Initiative	Report	£1-5,000
Oct '97 (completed Oct '97)	Parks Economic Development Agency Ltd: John Duncan	Two Away Days for Busines Plan Development for CBED activity	Capacity- Building	£1-5,000
Oct '97 (completed Dec '97)	Liverpool East Area Partnership (LEAP)	Development of a Business Plan for Dovecot Multit-Activity Centre	Business Plan	£1-5,000
Dec '97 (completed Feb '97)	Sub-contracted by ECOTEC For Blackburn City Challenge	Evaluation of Blackburn City Challenge	Report	£5-10,000
Jan '98 (completed Jan '98)	St Helens Chamber of Commerce	Consultancy Support for Voluntary Sector New Deal Applications	Bid Writing/ Hand-holding	£1-5,000
Jan '98 (completed Feb '98)	European Affairs Unit Knowsley SRB	Feasibility Study for the Development of a Pilot Outreach JET Centre	Report	£1-5,000
Jan '98 (completed Apr '98)	St Helens MBC	Development Plan for the Contents of St Helens Territorial Employment Pact	Report	£5-10,000

<b>Date</b>	<b>Client</b>	<b>Description</b>	<b>Output</b>	<b>Project Size/Value</b>
Jan '98 <i>(completed Apr '98)</i>	Sub contracted by PS Consultants	Feasibility Study of the AvenQuest Community Trust	Report	£5-10,000
Jan '98 <i>(completed Apr '98)</i>	Dingle SRB Partnership	Evaluation of SRB funded projects	Report	£5-10,000
Mar '98 <i>(completed Mar '98)</i>	New Deal Environmental Task Force	Prepare and Submit Application for ESF Funding	Application/ Bid Writing	£1-5,000
Mar '98 <i>(completed June '98)</i>	Parks Partnership	Feasibility Study into Potential for Community Economic Development - Community Sports Facility	Report	£10-15,000
Mar '98 <i>(completed June '98)</i>	Wigan Partnership and Wigan CVS (Council for Voluntary Service)	Design Community Economic Development Strategy	Report	£5-10,000
Mar '98 <i>(completed Mar '98)</i>	LHT (Liverpool Housing Action Trust)	Two Days Training on Welfare to Work and Housing	Training/Cap- Building	under£1,000
Mar '98 <i>completed Mar '98)</i>	Riverside Housing Association	Feasibility Study for Bromborough Pool Village Hall	Report	£1-5,000
May '98 <i>(completed Aug '98)</i>	Huyton SRB Part/ship	Feasibility Study into Community Narrow Boat	Report	£5-10,000
May '98 <i>(completed Aug '98)</i>	Knowsley Borough Council Youth and Community Service	Feasibility Study into Halewood Youth and Community Facilities Development	Report	£5-10,000
May '98 <i>(completed June '98)</i>	CfED (Corporation for Enterprise Development, Washington)	Review of recent changes in Community Economic Development	Publication	£1-5,000
May '98 <i>(completed May '98)</i>	PEP	Half Day New Deal Presentation	Training	under£1,000
May '98 <i>(completed July '98)</i>	Haelwood Partnership	Development of Strategy for Jobs Education and Training (JET)	Report	£1-5,000
May '98 <i>(completed May '98)</i>	North West Water	Completion of Lottery Bid	Application/ Bid Writing	£1-5,000

<b>Date</b>	<b>Client</b>	<b>Description</b>	<b>Output</b>	<b>Project Size/Value</b>
May '98 <i>(completed July '98)</i>	Liverpool City Council/ Queens Partnership	Completion of SRB Bid	Application/ Bid Writing	£1-5,000
May '98 <i>(completed July '98)</i>	Huyton SRB	Feasibility Study of Princess Drive Resource Centre	Report	£15-20,000
June '98 <i>(completed August '98)</i>	Huyton SRB and Knows- ley Deaf Association	Consultation and Feasibility Study to Identify Need and Demand for Services and Facilities for Deaf and Hard of Hearing in Knowsley	Report	£10-15,000
July '98 <i>(completed June '99)</i>	DETR	Review Work of Results from Radon Pilot Study Areas - Community Involv- ement Initiative	Report	£40-50,000
July '98 <i>(completed Nov '99)</i>	Huyton SRB	Community Stakeholder Strategy	Report	£15-20,000
June '98 <i>(completed Sept '98)</i>	Sub Contracted by Wilkinson, Hindal, Halsall and Lloyd	Area Regeneration Strategy for Garston under the Bridge	Report	£5-10,000
July '98 <i>(completed Sept '98)</i>	Queens Partnership	Norris green Library Feasibility Study and ERDF Bid	Report and Bid Writing	£1-5,000
June '98 <i>(completed Sept '98)</i>	Huyton Pathways Partnership	Feasibility Study to Discover Ways Partnership can Strengthen and Grow	Report	£5-10,000
Aug '98 <i>(completed Sept '98)</i>	Knowsley MBC: Ray Redfern	Prepare and Submit ESF Bids - ETF and Voluntary Option	Bid Writing	£1-5,000
Sept '98 <i>(completed Jan 1999)</i>	Liverpool Rope Walks Partnership	Feasibility Study for property development trust for cultural industries sector	Report	£5-10,000
Oct '98 <i>(completed Nov '98)</i>	Liverpool City Council	Away day for URS (Housing Managers staff	Training and Report	£1-5,000
Nov '98 <i>(completed Mar '99)</i>	Everton Garden TA and Everton Red Triangle Boxing Club	Feasibility Study into the joint use of community buildings by TA and the Boxing Club	Report	£5-10,000
Nov '98 <i>(completed Feb '99)</i>	Halewood Pathways Partnership	Establish (JET) centre in Halewood Pathways Partnership	Business Plan + ERDF application	£5-10,000

Nov '98 <i>(completed Apr '99)</i>	Liverpool Black Sisters	ERDF consultation exercise for the proposed Black Sister Centre	Report	£1-5,000
Nov '98 <i>(completed Feb '99)</i>	Eldonian Development Trust	Provide options and appraisal plan to the Eldonian Environmental and Business Centre	Report	£5-10,000
Nov '98 <i>(completed Apr '99)</i>	LHAT	Housing demand and supply study at Altbridge Park	Report	£5-10,000
Nov '98 <i>(completed Jan '99)</i>	Walton TA	Business Plan to construct a new multi-purpose community resource centre	Report	£1-5,000
Nov '98 <i>(completed Apr '99)</i>	DETR	Project appraisal and partnership accreditation for SRB partnerships	Report	£10-15,000
Jan '99 <i>(completed Feb '99)</i>	Huyton SRB	ERDF submission for a community finance and training centre for Huyton credit union	ERDF application	£1-5,000
Jan '99 <i>(completed May '99)</i>	Parks Partnership	Development action plan for recreational facilities at Kensington Community Park and a Sports Lottery Grant	Report	£5-10,000
Jan '99 <i>(completed May '99)</i>	Queens and Stanleys Pathways Partnership	Assessment technical assistance required to develop the Walton Clubmoor Community Centre: Progress ERDF applications under Driver 5.1 to approval level.	Report/application	£5-10,000
Feb '99 <i>(completed Mar '99)</i>	Charity Logistics	Development Plan: Assist in the aim to establish a base for its cybercyte operation in Merseyside area	Report	£1-5,000
Mar '99 <i>(completed Dec '99)</i>	Merseyside Probation Service	Study of the New Deal impact on offenders	Report	£10-15,000
Mar '99 <i>(completed Sept '99)</i>	Clock Face Community Group	Feasibility Study to establish a community enterprise centre	Report	£1-5,000
June '99 <i>(completed Jan 2000)</i>	Liverpool One Partnership	ITMP Recycling and Training: Investigating potential ways of developing the ITMP	Report	£10-15,000
June '99 <i>(completed Jan 2000)</i>	St Helens MBC	Investigate potential for the creation of a National Pondlife Centre	Report	£5-10,000
June '99	Kensington Community	Feasibility Study: Asses sports and	Survey and	£5-10,000

<i>(completed sep '99)</i>	Sports Ltd	recreation needs of local residents	Report	
June '99 <i>(completed Oct '99)</i>	Kensington Regeneration Ltd	Publication of a Kensington Community Newsletter	Publication	£1-5,000
July '99 <i>(completed Sep '99)</i>	Liverpool Housing Trust	Social Audit interviewing	Report	£1-5,000
July '99 <i>(completed Oct '99)</i>	Fazarkely and Gillmoss Partnership	Business Plan to build community managed integrated learning and sports facility at Holy Name RC primary school in Fazekerley - targeted at excluded adults and people who risk exclusion from the wider labour market	Report	£5-10,000
July '99 <i>(completed Sept '99)</i>	LHAT. Jointly with Oscar Faber	Consultancy support in relation to transport submission: Address issues of both transport and tenants needs in their local communities	Report	£5-10,000
Oct '99 <i>(completed Mar '2000)</i>	LCC	Community Involvement Strategy	Report	£5-10,000
Oct '99 <i>(completed Jan 2001)</i>	DFEE	Evaluation of the Governments New Deal for Musicians: Two phase evalu- ation work	Two Reports	£50,000 +

# APPENDIX G

## CONSULTANTS INVOLVED IN REGENERATION ON MERSEYSIDE: 1999-2002

<b>Name of Consultancy</b>	<b>Location</b>	<b>Key Specialisms</b>
Amion Consulting	National Consultancy with two main offices in Liverpool	Economic development
COMMENT	Local Liverpool Consultancy	Community development
Community Development Consultancy	Local Liverpool Consultancy	Community development
Community Concepts	Local Liverpool Consultancy	Community development
CRED Research Unit	Liverpool University Geography Department Research Unit	Evaluation, economic development
DTZ Pidea Consulting	National Consultancy with an based in Manchester	Economic development housing, property development
ECOTEC	International Consultancy with UK offices in Leeds, Birmingham and Cardiff	Economic development, EU fund management, social policy
EDAW	International Consultancy with UK office in London	Urban design and regeneration landscape architecture, ecological, environmental and management services
European Institute for Urban Affairs	Liverpool John Moores University Research Consultancy Unit	Social and Economic Policy research.
GFA Consulting	National consultancy with an operational branch based in Liverpool.	Housing, community development
GVA Grimely	Nationaal Consultancy	Economic development, Property development/surveying
Inner City Solutions	Local Liverpool based consultancy.	Economic development
Insite Research and Consulting	Local Birkenhead based consultancy.	Social policy research and evaluation; community economic development
Innemissions	Local Liverpool Consultancy	Community consultancy, Specialising in equal Opportunities and cultural diversity work

<b>Name of Consultancy</b>	<b>Location</b>	<b>Key Specialisms</b>
Liverpool Macroeconomic Unit	Liverpool University Research Unit within the Economics Department	Economic forecasting and evaluation
Meridien Pure	Warrington based consultancy.	Economic development
PEP	National Consultancy	Housing & tenant support/training
Price Waterhouse Coopers	International Consultancy	Economic development and management and financial consultancy
Project Development Workshop Ltd	Local Liverpool Consultancy	Housing, economic development and regeneration
PS Consultants	Northwest based Consultancy with a Preston central office.	Independent tenant Advisors
Renewal Associates	Local Liverpool Consultancy	Economic development
Urban Strategy Associates	Local Liverpool Consultancy	Community economic Development
Regeneris	Northwest based consultancy	Regeneration and local Economic development
Regional Research Laboratory	Liverpool University Research unit, based in the Civic Design Department	Urban regeneration research
Sense of Place	Local Liverpool Consultancy	Community arts
Social Regeneration Consultants	National Consultancy based in London	Community participation in regeneration
SQW	National Consultancy with a Northwest based office in Stockport	Economic development and evaluation
Taylor Young	Northwest based consultancy with a Stockport central office.	Planning, housing
TPAS	Northwest based Consultancy with a Manchester central office.	Tenant training
Wilkinson, Hindle, Halsall and Lloyd	Local Liverpool Consultancy	Planning, housing, urban design, architecture

# APPENDIX H

## THE EVOLUTION OF BRITISH URBAN POLICY AND THE RISE OF LOCALLY BASED ECONOMIC AND SOCIAL REGENERATION

### *The UK approach to urban policy*

Although British governments have drawn extensively upon the experiences of other countries in developing urban policy, 'it is possible to identify a distinctive British approach to the attempted resolution of urban problems' (Roberts, 2000, p.29). As Roberts (2000) suggests, this solely British approach is reflected in the appointment and change of roles and responsibilities between central and local government and between public, private and voluntary sectors' (p.29). Over the past three decades urban policy has zigzagged from one set of initiatives to another. From the community development programmes of the early 1970s to the assertive neo-liberalism of the 1980s and its emphasis on the involvement of business elites in urban policy to the partnership-based approach to regeneration of the 1990s – policy has been moulded to reflect the differing government ideologies, regarding how best to tackle urban deprivation. We will now follow this evolution of urban policy from the 1970s onwards in order to account for the rise in community based economic and social regeneration policies, in recent years:

### *The 1970s*

During the 1970s central government responsibility for urban policy changed hands. The control and direction exercised through the Home Office, with industrial and regional policy still within the portfolio of the Department of Trade and Industry, switched in 1975 to the Department of the Environment. 'This shift in departmental responsibility reflected a change in the emphasis of policy' (Roberts, 2000, p.30). While the Home Office had adopted a social pathology approach, the Department of the Environment emphasised the need for a structural/economic view of urban deprivation and policy (Balchin and Bull 1987).

Urban policy in the 1970s prioritised an increased emphasis on improvement and renewal. Indeed, with the 1970s, came the first real tentative steps towards developing a coherent urban policy, confronting and tackling inner-city problems. As Roberts notes, 'this discovery



of the inner-city, together with the first steps towards the generation of urban policy, led to a major expansion of urban initiatives during the 1970s' (Roberts, 2000, p.15). Furthermore, associated with this proliferation of initiatives in this period was a 'series of attempts to ensure greater co-ordination between previously separate economic, social and physical strands of policy' (Roberts, 2000, p.15).

The Community Development Programme (CDP) which ran from 1969-1978 was a landmark initiative within English urban policy (Haughton 1999). As Haughton points out, 'all twelve local CDP teams challenged conventional notions of the causes of deprivation and the role of community development, developing a strong commitment to improving community empowerment' (1999, p.1). The CDPs work which focused on these empowerment issues, encouraged residents to challenge the activities of the state and to make greater demands on their local authorities in respect of local services (Atkinson and Moon 1994, cited in Haughton 1999, p.3). For instance, CDPs actively promoted neighbourhood democracy, by experimenting with schemes such as neighbourhood councils (Haughton 1999).

### *The Market-led approach*

With the 1980s came the introduction of substantial modifications and additions to British Urban Policy. The 'Thatcher years' saw a predominantly market-led ethos 'imprinted upon policy, by a neo-liberalist interpretation for structural and economic decline' (Littlewood and Moran 1999). In general, the 1980s were characterised by 'top-down' market-led regeneration policies. As Littlewood and Moran state (1999), 'the theory suggested all social strata within a locality would gain as economic benefits in the form of inward investment, jobs and local resource accumulation 'trickled-down' and permeated through to even the most deprived communities.'

Most significantly, during the 1980s there was a move away from the idea that central state should/could provide all of the resources required in order to support policy interventions. Urban Policy programmes would now continue with the increased emphasis on private sector investment and involvement and a greater concern with 'value for money'. Businesses were encouraged to play a greater role in developing and implementing policy, 'but often in isolation from the work of local government and voluntary organisations' (Jupp, 2000, p.13). For example, Urban Development Corporations were launched in 1982 as regeneration initiatives managed by the private sector. In the same vein, TECs were established as independent, business ran training organisations, rather than full partnerships.

Increasingly, during the 1980s policy became refocused not on people and communities, but on property and physical regeneration. It was hoped that, in effect, the benefits of such an approach would 'trickle down' to the community. As a result, while much public money was injected into property based development many urban communities were left as mere spectators (Hughes and Carmichael 1994). Hughes and Carmichael critically summarise the 1980s brand of urban regeneration and its effects on many communities (1994, p.207):

“...the 1980s brand of urban regeneration, with its emphasis on civic marketing, urban boosterism, local growth coalitions and high profile prestige construction projects served, in some sense, to accentuate the sense of spatial and social dislocation of those neighbourhoods by-passed by the policy-makers.”

This more commercial style of urban redevelopment, evident in the 1980s, reflected yet another set of changes in the nature and structure of political philosophy and control. However, by the late 1980s, and notably with Mrs Thatcher's commitment to 'do something' about 'those inner cities', 'the need for a realignment of focus towards the social and community dimension was accepted in government circles' (Hughes and Carmichael, 1994, p.208). This prompted 'a marked change in the language of British Urban Policy' (McArthur, 1995 p.61; cited in Hughes and Carmichael, 1994, p.207) and would shape things to come at the beginning of the 1990s.

#### *Into the 1990s and the emphasis on governance*

With the dawn of the 1990s came further adjustments to the form and operation of urban policy within the UK. The Major government of 1991 began to introduce its own regeneration policies and initiatives through which it sought to make regeneration policy more coherent, comprehensive, and inclusive of local authorities, local communities and local people (Tiesdell and Allmendinger 2001). Gradually there was a move back to a more consensual style of politics and the recognition of a series of new problems and challenges. The 1990s brought with them the realisation amongst policy makers of the limitations of the 'trickle down' approach to regeneration. As Raco suggests, 'this initiated a series of changes in urban policy ostensibly geared to increasing the degree of community participation and empowerment within the policymaking process' (2000, p.576). Some commentators, such as Wilks-Heeg (1996; cited in Raco, 2000), have referred to the idea of policy coming a full circle, from the Community Development Programmes of the early 1970s to the non-participatory politics of the 1980s and back to the inclusion of communities through partnerships in the 1990s.

As Tiesdell and Allmendinger (2001) note, the new policy era (of the Major government) appeared to take account of the Audit Commission's 1989 report, *Urban Regeneration and Economic Development*, which had identified a number of shortcomings of the 1980s regeneration policy, including 'a plethora of government departments being responsible for urban policy; fragmentation through a multitude of special-purpose initiatives and funding mechanisms, amounting to a patchwork quilt of complexity and idiosyncrasy and conflicts between central and local government over urban policy' (p.907). The Commission concluded that regeneration policy needed to address these problems and, in particular, that local authorities should take a more active role in policy formulation and instigation (Tieddell and Allmendinger 2001). Thus a shift occurred in government policy in the early 1990s that would reassert local authorities as central organisations within policy programmes and encouraged community participation through partnership. The Major government's approach to regeneration, according to Tiesdell and Allmendinger (2001), tended towards an approach that encouraged or compelled local actors to work together through incentive of (financial) resources. In essence, there was a shift from 'agency-type' models to 'partnership-based' models. Demonstrating this shift, in 1991 City Challenge was introduced, and it invited local authorities to bid for funds in partnership with other public sector, private and voluntary bodies. By the end of the second round of bids in 1992, 'City Challenge represented the largest single element of the urban policy budget' (Roberts, 2000, p.31). Its aim was to bring together coalitions of groups with an interest in local areas to improve their physical, social and economic environment. Its successor, the Single Regeneration Budget Challenge Fund, launched in 1993, and the European regeneration programmes such as the European Social Fund and Territorial Employment Pacts, have all embodied the same approach. As Jupp comments (2000, p.16):

"By 1995, as one review stated, 'there is now a broad consensus that partnership is the only basis on which successful urban regeneration can be achieved.'"

Throughout the 1990s this emphasis on collaboration also grew in other policy areas. 'Organisations were expected to focus less on their 'core' task and more on co-ordinating their work and insights with others' (Jupp, 2000, p.16). For example, in 1995 the government established Drug Action Teams, bringing together the police, health professionals, local authorities and community groups to develop local strategies (Jupp, 2000).

As Healey (1995, p.18) stresses, this shift was based on an increasing – and pragmatic – realisation that urban management could no longer be conceived of in terms of 'top-down' or 'command and control' models of governance. Thus following a decade in which powers

were taken away from local government and vested in a range of institutions, local government was beginning to be recognised as a key player once again. Although, in principal, as Tiesdell and Allmendinger (2001) point out, this was a more bottom-up process, 'there were ways in which the centre still controlled the process, most notably through the way it allocated (through competitive funding regimes) and then monitored the use of resources' (p.907).

Criticisms of this continued centralist control over the regeneration process has been evident amongst some economic geographers, who have criticised the structures of contemporary partnerships in urban policy. For instance, Peck and Tickell (1994) focused on the criticism that partnerships have been constructed from above i.e. the emergence of local partnerships has had less to do with bottom-up, community empowerment and more to do with central government funding programmes that have emphasised local competition and the construction of local partnerships to bid for funds. For Peck and Tickell (1994) the new local partnerships of the 1990s do not represent a new devolved localism, geared to the development of strategic policy programmes through the integration of bottom-up community proposals. Instead, they can be characterised as 'corporatist-style coalitions, constructed with a view to getting one over the competition and getting [public] money (Peck and Tickell 1994 p.263). Lovering (1995) goes as far as to say that urban policy has witnessed the admission of selected community orientated organisations to new partnership arrangements constructed from the top-down and shaped by the patronage of new regulators, with little in the way of real empowerment/resources given to this new clientele (Lovering 1995). Many academic authors argue that partnerships provide a powerful way of legitimising policy programmes. The emphasis on community involvement and participation by government has led authors such as Cochrane to claim (1986):

"Government's seem to use community as if it were an aerosol can to be sprayed on any social programme, giving it a more progressive and sympathetic cachet."

***New Labour: 'Joined-up thinking' and 'enabling local authorities.'***

Since the 'New Labour' government came to power in 1997 the emphasis on cross-sector collaboration has accelerated. As Tiesdell and Allmendinger suggest, the 1990s saw an increasing and explicit recognition of various public policy issues as 'wicked problems' (2001, p.910). The notion of a wicked problem was particularly apt for deprived neighbourhoods, which typically experienced high levels of crime and unemployment, poor standards of educational attainment, poor health, poor housing, drug abuse and poverty (DETR 2000, p.20). Therefore in recognition of this, New Labour has sought to emphasis

approaches that structure services and government action around 'cross-cutting' issues. The cross-cutting theme that has encompassed neighbourhood regeneration is 'social exclusion' (DETR 2000). The emphasis within New Labour has therefore been placed upon the provision of 'holistic' or 'joined-up services', focusing on broader outcomes, thereby, moving away from traditional service-based departmental 'silos', which were seen as outmoded mechanisms privileging producer and professional interests (Tisedell and Allmendinger 2001, p.911). In recognition of this, in 1997 a cabinet level Social Exclusion Unit was established to co-ordinate policy across government departments and to address specific problems. Moreover, in 1998 eighteen policy action teams (PATs) were established, drawn from Whitehall departments and including outside experts, practitioners, and residents of deprived communities with each team focusing on a specific policy area, but would also address five key common themes: 'Getting people to work'; 'Getting the place to work'; 'Building a future for young people'; 'Access to services' and 'Making the government work better.'

With regard to local government, some authors have argued that in contrast to preceding Conservative governments, New Labour's programme has shown a determination to return 'political legitimacy' and 'capacity' to local government (Stoker 1999, p.183). Demonstrating this shift, the 1999 Local Government Bill included a new general power for local authorities – subsequently introduced under the 2000 Local Government Act – to promote the economic, social and environmental well-being of their areas (Tisedell and Allmendinger 2001, p.913). However, as Taylor (2000) has suggested, rather than to control local policy and delivery, local government has been expected to use its powers to enable a co-ordinated level approach. Hence, its role was reframed in terms of governance rather than government, 'whereby local authorities would work in partnership with other local institutions, using their powers to enable rather than to control' (p.1019).

### ***Regeneration policy and area based regeneration***

Over the last three to four years there has been an increasing amount of partnerships that operate at the local level as community based social and economic regeneration policies have become more and more popular. As Raco, Turock and Kintrea (2003) indicate 'one of the clearest trends in urban policy initiatives in the United Kingdom in recent years has been the localisation of regeneration programmes' (p.277). These policies, initiated by Central Government, include the New Deal programmes, various action zones such as education and employment action zones, new initiatives to support families and children and an extension on partnership regeneration programmes (see figure 2.3). As such, this localisation agenda is seen by the Labour government as a mechanism for 'encouraging regeneration policy which is 'in touch' with local communities, flexible enough to respond to local needs and

opportunities, and which mobilises local resources to tackle local problems' (Caborn, 1999; cited in Raco, Turok and Kintrea 2003, p.277).

Key parts of the present Labour Governments portfolio on regeneration, which have promoted the benefits of local action as the basis for effective regeneration, include the refocused Single Regeneration Budget (SRB) Challenge Fund and the neighbourhood based New Deal for Communities initiative:

### *The 'New' SRB*

In 1998 the New Labour's comprehensive spending review provided more than £2.3 billion for a refocused SRB. While the basic parameters of the SRB remained unchanged there were, however, some important changes emphasised (see Hall and Mawson, 1999, p.28):

1. The SRB was to become a two-tier competition: 80% of new resources would be targeted in the most deprived areas and 20% would tackle smaller pockets of deprivation outside the most deprived localities.
2. The relaunched SRB would place more emphasis on building the organisational capacity of local partnerships. The direct involvement and support of local communities for SRB schemes was made to become a pre-requisite of funding. Resources would be made available for capacity building activities in successful SRB programmes.
3. The Government would tackle social exclusion through the adoption of an improved co-ordination of government policies.

### *Neighbourhood/Community based schemes*

With the establishment of the government's new Social Exclusion Unit, one of the departments' major tasks was to address the problems of the country's poorest neighbourhoods. In September 1998 its published report, 'Bringing Britain together: a national strategy for neighbourhood renewal' (Social Exclusion Unit, 1998) acknowledged that there were between 1,600 and 4,000 neighbourhoods suffering multiple deprivation in England. The 'scope of the report was extensive, covering economic, social, environmental and physical problems and the potential contribution of every part of the government machine, central and local, to tackle these aspects of urban deprivation within the UK. The

report stated that despite 30 years of urban regeneration policies, the conditions of many of the most deprived areas had worsened. This attributed to a variety of factors, including, the continuing impact of structural economic changes on cities and regions; social trends such as the growth in lone parent households on low incomes and the use of illegal drugs.

Of even greater concern in the report was, as Hall and Mawson (1999) explain, 'government policies and the way they had been implemented often exacerbated the problems' (p.30). A number of issues concerning this factor arose in the report (see Hall and Mawson, 1999, p.31). These included criticisms suggesting that, mainstream policies were not seen to be helping, or making the situation worse; there had been too little investment in people, partly because too much effort has gone into regenerating the physical environment and not tackling the poor schools; there was inadequate skills, a lack of employment, poor local services, health care and child support and finally community commitment has not been harnessed. The report indicated that a lack of local training and support to local people has meant that the processes have been left to professionals and administrators.

According to the report the challenge now for government is to provide encouragement and support rather than barriers. This means learning lessons from the past. In particular this should include, investing in people, not just buildings; involving communities, not parachuting in solutions; developing integrated approaches with clear leadership; making a long-term commitment with sustained political priority.

In view of these findings and observations, the National Strategy for Neighbourhood Renewal set out strategies for tackling the problems of poor neighbourhoods and communities within the UK. This involved three interrelated strands (see Hall and Mawson, 1999, p.33):

1] The development of further national social exclusion measures such as the 'New Deal' initiatives for unemployed people, lone parents and disabled people. Plus, initiatives on failing schools, crime reduction and public health. Area-based programmes required to test out promising ideas for assisting deprived areas such as the existing Education, Health and Employment Zones and the newly announced 'Sure Start' programme, providing integrated childcare, primary health care and support for families.

2] The New Deal for Communities (NDC) was the 'first tangible outcome of the Social Exclusion Unit report' (Hall and Mawson, 1999, p.34). Seventeen pathfinder neighbourhoods were selected because of their severe problems, and regional locations were to be given the

opportunity to bid for long-term (10 year) funding regional plans estimated at between £20 million - £50 million, not counting any other public or private funding which may be involve. As Hall and Mawson highlight (1999), 'for the first time government resources were available to develop proposals and engage with the local community'. NDC was intended to offer 'intensive help' to the most deprived neighbourhoods by bringing together regeneration and housing programmes at the local level, with the aim of enhancing economic and employment opportunities, and attempting to offer better neighbourhood management (Tiesdell and Allmendinger 2001, p.914). In the launch of the initiative, the government (DETR 1998) pledged that it would be neighbourhood based; would work through local partnerships and promote and sustain community involvement; would be delivered on the ground by a dedicated team; would reward success; would bring together other key national, regional and local services, and would work in combination with other initiatives. In particular, it would be 'flexible and very local' with 'complete flexibility' on what programmes could cover (DETR 1998).

3] Policy and co-ordination were to be improved by establishing 18 cross-cutting teams drawn from 10 Whitehall departments and outside experts and practitioners. The 'Policy Action Teams' (PAT) were given the remit of addressing the five key themes already mentioned above. The PAT reports were published between July 1999 and April 2000, and as Tiesdell and Allmendinger (2001) suggest, given the importance placed on joined-up thinking, it was likely that the report of PAT 17 *Joining It Up Locally* would be one of the most important and potentially significant. PAT 17's overarching recommendation was for the creation of Local Strategic Partnerships (LSPs) to co-ordinate local efforts to improve the worst off areas. LSPs would 'identify which neighbourhoods needed special help; assess what could be done to improve outcomes; agree a response that met those concerns; focus resources on meeting cross-cutting objectives; monitor and evaluate progress and maintain dialogue' (DETR 2000b, p.15)

Following on from the National Strategy for Neighbourhood Renewal, the government published a National Strategy Action Plan at the beginning of 2001 (SEU, 2001). This strategy was intended to harness and focus the spending budgets of key government departments. Therefore, rather than relying on limited life, area-targeted regeneration spending, the National Strategy, confirmed a shift away from regeneration programmes shoring up poor public services in a limited number of areas and suggested move towards ensuring high-quality provision in all neighbourhoods (Tiesdell and Allmendinger 2001, p.916). In order to focus and benchmark the strategy, key targets were identified in five areas: crime, education, housing, health and employment (see table 2.2).



In terms of the institutional context the National Strategy proposed new ways of empowering residents and of getting public, private and voluntary organisations working together, with the intention of having ‘someone in charge at every level, from national to neighbourhood, to make sure things get done’ (DETR 2001). Therefore, at central government level it was confirmed that a Neighbourhood Renewal Unit (NRU) would be established ‘to spearhead change across and outside government, intervene where national policies or local implementation was failing, and to adopt and refine national strategy in the light of experience’ (Tiesdell and Allmendinger 2001, p.916). At the regional level, Neighbourhood Renewal Teams (NRTs) would be established within the Government Office for the Region (GOR). At the local level, local stakeholders were to be encouraged to form Local Strategic Partnerships (LSPs), which would provide a single overarching local coordination framework. The aim by government was that these LSPs would bring together at the local level the different parts of the public sector as well as private, voluntary, and community sectors ‘so that different initiatives and services would support rather than contradict each other and ensure that all local partnerships knew how they fitted into the wider picture (Tiesdell and Allmendinger 2001, p.917). A key task set out to be completed by the LSPs would be to prepare Local Neighbourhood Renewal Strategies.

**Table 2.2: Key Targets set out in the National Strategy Action Plan**

	Targets
Crime	Ensure no area has burglary rates three times higher than the national average by 2005.
Education	Ensure at least 25% of pupils in every school and 38% in every local authority achieve five or more GCSEs grades A* to C.
Housing	Eliminate substandard housing by 2010, and reduce it by a third by 2004.
Health	Narrow health inequality (exact target to be set later)
Employment	Raise employment in the thirty areas with the worst labour-market problems and narrow the gap between these and the overall rate.

Source: Tiesdell and Allmendinger (2001, p.917)

***Linking this process to notions of the hollowed-out state***

Therefore, we can see that through central government policies the state has in fact been a key agent in its own ‘hollowing-out’ through actively promoting decision making at a more regional and local level. As part of this process local government has adopted a more

'enabling' role delegating responsibility to other (non-state) local partnerships and actors. However, what has been under researched is whether these 'new' local governance actors have in fact the capacity and the knowledge to be able to deliver their given responsibilities, or whether non-state actors, such as consultants, have been brought in to undertake some of this work. These are key issues that the research project will look at.

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