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Change in Third Sector Organisations

The impact of European Union funding in cross-national perspective

Hans Schlappa

Thesis submitted for the Degree of Doctor of Philosophy

Aston University, December 2009

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Thesis Summary

This is a study of third sector organisations and organisational change resulting from European Union funding. While there is a growing body of research which shows how governmental funding can contribute to the organisational challenges that third sector organisations encounter, research on how European Union funding affects third sector organisations is limited. This thesis contributes towards closing this gap in knowledge by identifying a number of organisational changes which can be attributed to the use of European Union funding.

A qualitative approach was taken to explore organisational change resulting from the use of URBAN II funding in nine third sector organisations which were studied in the context of the URBAN II programmes of Belfast, Berlin and Bristol. The conceptual framework for this study draws on organisation theory and resource dependence theory, together with concepts of co-production and multi-level governance.

URBAN II funding was found to have affected organisational structures, processes, services, goals and participants, as well as the interactions of organisations with their external environment. In contrast to earlier research however, the findings from this study suggest that many of these organisational changes improved the capacity of third sector organisations to carry out their work. The cross-national comparison of the findings further showed that organisational impacts resulting from the use of URBAN II funding can vary significantly between different countries.

Programme Managers were found to have played a critically important role in enabling third sector organisations to obtain benefits from URBAN II funding. Many positive organisational changes arose from a close collaboration between Programme Managers and third sector organisations. Conversely, many negative organisational impacts were found to be due, not to the regulations associated with European funding, but primarily to the approach adopted by the Programme Managers and Local Development Partnerships towards engaging third sector organisations in programme delivery.

Key words: Organisational Change, Third Sector Organisations, European Union Structural Funds, URBAN II, Urban Regeneration, Social and Economic Inclusion

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Glossary of Terms Used in this Thesis

European Union funding:

Funding provided by the European Commission through the governmental institutions of European member states.

Governmental funding:

Funding provided by government departments and public sector organisations within nation states.

Local Development Partnership (LDP):

Body responsible for the delivery of the local URBAN II programme, consisting of partners which have a role in reducing social and economic exclusion. These partners include: public sector organisations, third sector organisations, politicians, residents and private sector organisations.

Organisational environment:

This term is used here to describe organisations in the public, private and third sectors with which third sector organisations interact, and the local community with which third sector organisations engage. The theoretical perspective adopted here is rooted in institutional theory, and includes concepts about institutional structure (see for example, Di Maggio and Powell 1983) as well as beliefs, rules, roles and symbolic forms of interaction between individuals and their social and institutional environment (Meyer and Rowan 1977; Scott 1987).

PEACE:

The European Union Special Support Programme for Peace and Reconciliation was designed to support the Northern Ireland peace process and aimed to encourage the development of a stable society through urban regeneration, and social and economic inclusion. A key feature of the PEACE programme was that 50% of the funding had to be spent through third sector organisations (Acheson, Harvey et al. 2004, p. 222 ff.)

Structural Funds:

Main policy instruments of European regional policy, intended to correct economic and social disparities between regions within and across European member states.

Programme Manager:

Refers to the lead officer responsible for the implementation of the URBAN II programme in an area.

Public sector funding:

Includes both governmental (q.v.) and European Union funding (q.v.).

REGENERA:

The REGENERA Network was one of 20 projects supported by URBACT (q.v.)

URBACT:

Programme to promote the exchange of good practice and the development of innovative approaches towards the renewal of deprived urban neighbourhoods. Formed part of the 2001 -2006 URBAN II Community Initiative (q.v.) and now complements the Structural Funds (q.v.) programme for 2007-2013.

URBAN:

One of the European Community Initiatives developed by the European Commission as part of the Structural Funds (q.v.). Following a pilot stage, URBAN I operated between 1994 – 1999. This was followed by URBAN II which operated between 2000 – 2006. The principles promoted by URBAN II are now an integral part of the policy guidelines on urban regeneration for the 2007 – 2013 programming period of the Structural Funds (q.v.).

Abbreviations

BEL1; BEL2; BEL3: Codes used for case study organisations in Belfast
BER1; BER2; BER3: Codes used for case study organisations in Berlin
BRI1; BRI2; BRI3: Codes used for case study organisations in Bristol

DSD: Department for Social Development, Northern Ireland Government Office
EU: European Union
FRG: Federal Republic of Germany
LDP: Local Development Partnership
NBP: North Belfast Partnership
PME: Programme Management Executive
RDA: Regional Development Agency
TSO: Third Sector Organisation
UPG: URBAN Programme Group

Part I: Study Context, Focus and Approach

This thesis is a study of change within third sector organisations (TSOs) which have received European Union (EU) funding. The study was undertaken on a part-time basis between 2002 and 2009, with most of the fieldwork and analysis taking place between 2004 and 2007. The study focused on TSOs that received EU funding through Local Development Partnerships (LDPs) to provide interventions which were intended to reduce social and economic exclusion in deprived urban neighbourhoods. The overall aim of this thesis was to explore whether and how EU funding can lead to organisational change in TSOs and what the organisational consequences of such change processes might be.

This thesis is in three parts. In this Part I the context, focus and approach to this study are explained. In Part II the study findings are presented and analysed, and in Part III these findings are synthesised and discussed.

Part I consists of four chapters. Chapter One sets out the context within which this study is located and develops the research questions which are explored. This is followed by a review of the relevant academic literature in Chapter Two, and in Chapter Three the conceptual framework for this study is developed. Chapter Four concludes Part I with details on the methodological approach taken towards data collection and analysis.

Chapter One: Context and Research Questions

1.1 Introduction

It is both timely and important to ask questions about how EU funding can affect the TSOs receiving it, not least because EU policy is increasingly focusing on TSOs as important partners in the delivery of interventions aimed at the reduction of social and economic exclusion (Commission of the European Communities 2003; Commission of the European Communities 2006a; Commission of the European Communities 2007a). Funding plays an important role in drawing TSOs closer into a service provider relationship with public sector agencies, but academic attention has so far focused on the effect that governmental funding has on TSOs (Harris 2001a; McLaughlin, Osborne et al.

2002; Acheson, Harvey et al. 2004; Lewis 2005). The impact of EU funding on TSOs, on the other hand, appears to have a low profile in research and academic discourse. This study aims to make a contribution towards filling this gap in knowledge.

Current policy on TSOs in the United Kingdom (UK) illustrates the extent to which governments are prepared to invest in TSOs to secure their contribution towards the delivery of public services. In recent years the UK third sector has been subject to substantial direct investment by government, much of it aimed at improving the capacity of TSOs to contribute towards the delivery of government-funded services. For example, in the period between 2001–2004, the UK government invested over £500 million to improve third sector infrastructure through ChangeUp (Active Community Unit 2004) and in addition, there were a number of smaller government funded programmes to develop the organisational capacity of TSOs (Kendall 2003, p. 68 -69). ChangeUp was preceded by two government-led reviews, which analysed the potential contribution of the UK third sector towards the delivery of central government social policy objectives (HM Treasury 2002; Strategy Unit 2002); and also by the Compact 'Getting it Right Together' (Home Office 1998) in which government and the third sector set out how they could work more effectively together.

In addition to the UK government's third sector investment programmes, the Neighbourhood Renewal policy has played a key role in engaging TSOs more deeply in the implementation of government-funded urban regeneration initiatives (Social Exclusion Unit 1998; Social Exclusion Unit 2001a). These policies explicitly encouraged the extensive engagement of TSOs in the delivery of urban regeneration programmes, and tied the availability of governmental funding to the inclusion of residents and TSOs in the design, delivery and management of local services (Cabinet Office 2000; Office of the Deputy Prime Minister 2000; Social Exclusion Unit 2001b). Core principles of the neighbourhood renewal policies, such as social inclusion, citizen empowerment and partnership have since then moved beyond the confines of regeneration policies into the mainstream of social welfare provision (Newman 2001; Glendinning, Powell et al. 2002). There is now a substantial body of UK literature which analyses the challenges associated with these approaches towards the implementation of government policy in the UK (Balloch and Taylor 2001; Sullivan and Skelcher 2002; Banks, Butcher et al. 2003; Skelcher, Mathur et al. 2005).

Some scholars argue that recent UK government policy on the third sector can be interpreted as having a ‘motherhood and apple pie flavour’ (Kendall 2003, p.103), or as being overly optimistic about the scope for collaboration between governmental agencies and TSOs in the design, delivery and management of government-funded public services (Taylor 2003a; Osborne and McLaughlin 2004). However, current UK policy, such as the Comprehensive Spending Review (HM Treasury 2007a) and the 2007 Third Sector Review (HM Treasury and Cabinet Office 2007b), leaves little room for doubt that the UK government intends to encourage TSOs to take on greater responsibility for delivering an increasing range and volume of public services:

“The Government wants to continue to ensure that the third sector remains at the heart of measures to improve public services including as contractors delivering public services, as campaigners for change, as advisers influencing the design of services and as innovators from which the public sector can learn.” (HM Treasury and Cabinet Office 2007b, p.49)

With regard to regeneration policy, the UK government also continues to focus on TSOs as a key provider of services, but the emphasis appears to be shifting from improving public services in deprived communities to encouraging economic activity. In their report on the economic case for regeneration investment (Office of the Deputy Prime Minister 2006a) the UK government puts forward the argument that deprivation is caused by market failure and that all government funded urban regeneration interventions should be aimed at generating economic activity to address such market failures (ibid. p.3-4). This theme is continued in the current consultation by the Department for Communities and Local Government (2008) on proposed changes in the way that urban regeneration and social inclusion should be funded. Here also is a strong emphasis on economic interventions, with social enterprises having a high profile as agents who can effectively tackle deprivation:

“This framework recognises that the third sector is vital to the delivery of successful regeneration. ... The sector will be key local partners in the regeneration of communities, working with RDAs and local partners to identify and address regeneration priority areas. In addition social enterprises will be at the forefront of the review of the £1.5bn Working Neighbourhoods Fund, announced in May 2008.” (Department for Communities and Local Government 2008, p.73)

With regard to EU policy, TSOs have attracted increasing attention from both scholars and policy makers in recent years. A number of studies on EU-funded initiatives aimed at social and economic inclusion show that TSOs are now established as important actors (Geddes and Benington 2001; Lloyd 2004; Crowhurst, Fernandez et al. 2005; Armstrong and Wells 2006). Furthermore, the focus of third sector analysis has moved beyond the confines of domestic policy and now embraces the European policy context in which national governments and TSOs operate (Kendall and Anheier 2001; Evers and Laville 2004a). A number of third sector scholars predict that the role of TSOs as partners of public sector organisations will continue to grow in importance across Europe, in particular with regard to the development of civil society, and the reduction of social and economic exclusion (Kendall 2005; Osborne 2008; Pestoff and Brandsen 2008).

EU policy analysis further suggests that TSOs will assume an increasingly important role in the delivery of EU funded programmes. Geddes (2000), for example, argues that the European Commission extols a new 'orthodoxy' of local partnership working, in which the participation of TSOs and residents in LDPs is strongly encouraged. An explanation for this is given by Bache (1998), who suggests that EU institutions need to draw on a range of agencies which are working effectively at the local level, because of the complexity of the issues that need to be tackled in deprived communities, and also because of the challenges inherent in having to achieve EU policy objectives through trans-national programmes. These perspectives on EU policy are reflected in current EU policy frameworks, such as the Maastricht Treaty (Commission of the European Communities 1998a), which explicitly requires national authorities to include TSOs in the delivery of programmes resourced through the Structural Funds. The guidelines for the 2000-2006 programming period of the Structural Funds, which operationalise broad policy frameworks like the Maastricht Treaty, also show an emphasis on local partnerships in the delivery of initiatives funded by the European Structural Funds (Commission of the European Communities 1999a, p.3). Further emphasis on partnership with citizens and TSOs in the delivery of EU-funded initiatives to combat social and economic exclusion was added in the recent reform of the Structural Funds which will take effect during the 2007-2013 programming period (Commission of the European Communities 2005).

In parallel with these policy developments initiated by the institutions of the EU, TSOs themselves have been active in lobbying European institutions to secure political support and funding (Warleigh 2001; European Anti-Poverty Network 2004; Will, Crowhurst et al. 2005; Platform of European Social NGOs 2007). In many cases such lobbying is supported by the European Commission. At the end of the 1990s the financial support given directly to TSOs by the European Commission amounted to more than €1 billion per year, much of which was aimed at the establishment and maintenances of pan-European TSOs (Greenwood 2003).

TSOs, then, appear to play an increasingly important role in the implementation of national as well as European policy, with funding forming an integral part of the process through which they are engaged by governmental and European institutions. The following section provides an overview of current policy and third sector analysis in relation to the EU, and begins with a working definition of third sector organisations which is used in this thesis.

1.2 Third Sector Organisations in the Context of the European Union

1.2.1 A Working Definition of Third Sector Organisations

The terms used to define the third sector and its constituent organisations reflect debates about their nature and purpose. There is a wide range of terms used in the UK to describe organisations which are neither governmental nor commercial, each implying a different function and purpose. The most common terms include:

- Third Sector Organisations (TSOs)
- Voluntary Organisations
- Voluntary Agencies
- Community Groups
- Charities
- Non-Profit organisations
- Non-Governmental Organisations
- Social Enterprises (Kendall 2003).

Kendall (2005) also identifies two further terms, 'civil society' and 'social economy', which are frequently used in the context of EU policy, but which are more descriptors of sectors rather than organisations. A review of EU policy documents by Moro (2005) found frequent references to 'non-governmental organisations', 'social partners', 'civil society organisations' and 'social enterprises', which are all used to describe TSOs. Pugh (1998) argues that the term 'social partners' is one of the most commonly used terms to describe TSOs in EU policy, and that its use reflects a Continental liberal corporatist perspective in which third sector organisations are seen as being part of a system of interest representation where partners are organised into non-competitive, hierarchically structured groups. This does not reflect the institutional relationships of the third sector in many EU nation states, such as the UK, however, and some scholars argue that there is a need for the further development of third sector concepts which better reflect the diversity of third sectors and organisations in European nation states (Kendall 2005; Osborne 2008).

Some scholars have attempted to develop a specifically European definition of TSOs which is based on just one organisational form, namely social enterprise (Evers and Laville 2004a). The justification for this conceptual reduction of the diversity of third sectors and their constituent organisations rests largely on the argument that the 'structural operational definition' developed by the Johns Hopkins Comparative Project (Salamon and Anheier 1997) reflects an American perspective on the third sector and requires amendment to include particular aspects of the historical and cultural context within which European TSOs operate (see section 3.3 for a more detailed discussion). While the structural-operational definition is itself deeply contested (see for example, Van Til 2000), the results of the Johns Hopkins studies do show a substantial diversity in the ways in which third sectors are embedded in their historical and institutional contexts (Salamon and Anheier 1998) which suggests that a reduction of this diversity to the concept of social enterprise is not appropriate. Therefore it would seem that, at least for the time being, researchers will continue to deal with a diversity of terms and perspectives about what constitutes TSOs within a European context (Anheier and Seibel 1993; Kendall and Knapp 1996; Anheier and Seibel 2001).

There is, then, a wide range of approaches towards defining TSOs and the third sector, and no universally agreed definition of TSOs within a European context. Therefore a

working definition of TSOs needs to be developed for this thesis which is suitable to support the study of TSOs in different European member states. Such a definition must be broad enough to include a wide range of different organisational types and sectoral contexts, yet sufficiently specific to ensure that this study focuses on organisations which are neither governmental agencies nor commercial businesses. The definition used in the 2007 UK Third Sector Almanac (National Council for Voluntary Organisations 2007) reflects the principles of the structural operational definition developed by the Johns Hopkins Project (Salamon and Anheier 1997), but has an explicit emphasis on voluntarism. This definition is therefore used here as it provides a suitably broad, yet specific, framework for this study. Hence my working definition conceives TSOs as organisations that:

- Are constitutionally and institutionally independent from the statutory and private sectors;
- Are non-profit distributing;
- Are self-governing;
- Show a meaningful degree of voluntarism; and
- Do not solely exist for the benefit of their own members (National Council for Voluntary Organisations 2007, p.7-8).

The working definition of TSOs adopted for this study will additionally include formal as well as informal groups and organisations whose activities are based on “ *individual action not coerced... and deemed beneficial ... and organized.*” (Van Til, 1988, p.9). For the purposes of this study, then, the defining features of a TSO are that it is initiated and governed by its own members, and that the organisation itself decides what work shall be done, and how it is done. The size and complexity of such organisations may vary, which may determine whether they employ staff, provide professional services or whether they are predominantly self-help and informal in nature.

As discussed above, concepts and definitions of TSOs are often closely linked to ideas about what constitutes the sector in which they operate, and this working definition is no exception. These issues will be discussed in Chapter 3 in relation to the conceptual framework for this study.

1.2.2 Third Sector Organisations in European Union policy and Research

The profile of TSOs in the EU has increased substantially over recent years, particularly in relation to European regional policy. In key EU regional policy areas TSOs are now established as important local partners which can support public sector organisations in tackling social and economic exclusion, the twin goals of European regional policy (Commission of the European Communities 2004a; Commission of the European Communities 2005; Commission of the European Communities 2006f). There is a wide ranging literature that deals with key aspects of EU regional policy which provides an important contextual framework for this study. Therefore an overview of this contextual literature is given below, and structured around five themes:

- Multi-level governance;
- Regeneration;
- Civil society;
- Social enterprise; and
- Sectoral analysis.

Multi-level Governance

There are a number of studies which comment on the contribution TSOs make towards a 'multi-level governance' process. This concept is discussed in detail in section 3.2 but, in brief, it refers to the idea of authority which is dispersed between a wide range of local, regional, national and trans-national actors (Bache 1998; Hooghe and Marks 2001). A comparative study by McCall (2000) on the extent to which different EU funding programmes support the engagement of TSOs found that the PEACE programme in Northern Ireland encouraged the development of governance networks in which TSOs had a lead role. In another study on the impact of the European PEACE programme, Acheson and Williamson (2007) argue that EU funding had a significant influence on the way in which local area partnerships were formed, and that this put local TSOs at the heart of the regeneration process in Northern Ireland. The authors further argue that EU funding can be instrumental in developing multi-level governance structures in which TSOs can make significant contributions towards reducing social exclusion and poverty in some of the most fragmented and marginalised communities of the EU.

In a comparative study of two UK cities in receipt of EU Structural Funds, Marshall (2005) found that EU funding can help in the development of multi-level governance processes and the sharing of innovative urban regeneration practice at national and European levels. In the case of Birmingham, EU Structural Funds were found to have led to the establishment of regional third sector infrastructures which enabled TSOs to influence strategic decision-making processes:

“Driven by Birmingham’s vocal third sector, community actors from across the region established the West Midlands European Network and Regional Action West Midlands to express the will of the community and voluntary sectors in European and domestic issues respectively.” (Marshall 2005, p.678)

Chapman (2005) explored the role of TSOs in EU funded economic development initiatives in the South Yorkshire Structural Funds programme. Her analysis comes to the conclusion that the role of TSOs in EU regional policy is an under-researched topic. This lack of research did not reflect the extensive contributions TSOs were found to be making however:

- *“Third sector organisations increasingly participate, and have decision making capacities in new and/or existing sites and levels of multi-level community economic development policy networks and partnerships.*
- *Third sector participation stretches beyond mere dialogue to genuine and relatively independent decision making, influence and empowerment.”* (Chapman 2005, P.35)

Regeneration

There is a link between the literature on multi-level governance and regeneration, in part because the concept of partnership between actors operating at different levels is part and parcel of both multi-level governance as well as regeneration partnerships (see for example: Hooghe and Marks 2001; Bache and Flinders 2004b). In the literature which deals specifically with urban regeneration, TSOs tend to be seen as the most local of actors, closely connected to the grass roots of communities, capable of engaging residents and reaching deep into marginalised sections of deprived communities. A study by Williamson et al. (2004) on the impact of EU funding on area-based regeneration programmes in Northern Ireland shows that EU funding can lead to the better

coordination and integration of work done by TSOs and public agencies to tackle poverty and social exclusion. In an earlier study Williamson et al. (2000) found that TSOs played a dominant role in decisions on the allocation and utilisation of the European funds. The authors expected that the extensive collaboration between TSOs and public sector organisations that had developed through the joint delivery of the EU funded PEACE programme would continue beyond the funding period because their collaboration was leading to better policies and services.

Such positive impacts of EU funding and policy are not observed everywhere, however. A study comparing regeneration partnerships in four European cities, by Parkinson (1998), found that practitioners and policy makers encountered challenges and dilemmas in each city which were similar to those encountered in government funded programmes, and included problems related to the lack of empowerment of communities and ineffective partnership mechanisms (Parkinson 1998, P.29). These and other challenges which arise from partnership processes will be explored further in the review of the literature in Chapter Two.

Civil Society

Civil society, the part of society which is independent from government but which shapes governmental as well as corporate and social structures (Edwards and Foley 2001), together with the role TSOs play in the development of that civil society, is a topic which has attracted interest from a range of scholars (Van Til 2000; Edwards, Foley et al. 2001; Hodgkinson and Foley 2003). From a European policy perspective, Warleigh (2001) argues that TSOs are not suitable conduits for the implementation of European level policy aimed at the development of civil society, due to the lack of their capacity to operate consistently across EU member states. In contrast, Evers and Laville (2004c) argue that TSOs are well placed to contribute to the development of civil society in Europe, because TSOs are hybrid organisations, combining attributes of civil society, private sector and public sector organisations. A similar argument is made by Defourny and Nyssens (2006), who argue that most European TSOs are social enterprises and that the development of civil society is a core aim of social enterprises which operate in Europe.

The particular political and social situation in Northern Ireland (Acheson, Harvey et al. 2004) provides the context for a number of studies which explore the contribution of TSOs towards EU funded initiatives aimed at bringing fragmented communities together (Williamson, Scott et al. 2000; Williamson, Beattie et al. 2004; Acheson and Williamson 2007). With regard to the development of civil society in the European accession states and former Eastern Bloc countries, there is also a growing literature about the important contribution TSOs can make towards fostering civic engagement in the political and social life of communities (Osborne, Jenei et al. 2005; Jenei and Kuti 2008).

In addition, there are a number of studies undertaken as part of the Third Sector European Policy Project (Kendall 2005) which have focused on the extent to which funding provided through the European Structural Funds has enabled TSOs to influence EU policy on the development of civil society (Brandsen, Pavolini et al. 2005; Crowhurst, Fernandez et al. 2005). These studies have found that TSOs generally have little influence over EU policy processes. It would appear, therefore, that TSOs have little influence on the way in which the development of civil society is supported through EU policy, while locally they make important contributions towards the development of civil society across Europe.

Social Enterprise

Because EU policy emphasises economic objectives (see for example, Commission of the European Communities 2006f), discussions about TSOs in the context of EU policy often focus on one particular kind of TSO – the ‘social enterprise’. Social enterprise is defined as not-for-profit activity which has the production of goods and services as its primary purpose, rather than advocacy or the re-distribution of resources (Defourny and Nyssens 2006). Some scholars go as far as to argue that the dominant organisational form of TSOs in Europe is that of a social enterprise (Evers and Laville 2004b; Evers and Laville 2004c; Pestoff and Brandsen 2008). A number of studies in which changes in European social policy are analysed in relation to the role of TSOs in the provision of service, also tend to conceptualise TSOs as social enterprises (Pestoff 1998; Bode 2006; Nyssens 2006). Borzaga and Defourny (2001), who plot the emergence of social enterprise in Europe, identify EU funded programmes, such as the ‘Third System Employment Project’ (Campbell 1999), as the beginnings of a growing range of EU policy initiatives aimed at

supporting the development of social enterprises in EU member states. There are other authors who suggest that there have always been strong connections between the nature of social enterprises and policy goals aimed at reducing social and economic exclusion in European nation states (Spear, Defrouny. J. et al. 2001).

This literature, then, suggests that EU policy makers are explicitly interested in supporting the development of social enterprises, rather than TSOs which have advocacy or the redistribution of resources as their core purposes. Consequently, the wide range of contributions EU policy makers expect TSOs to make towards social and economic inclusion appear to be based on an explicitly economic concept of TSOs.

Sectoral Analysis

Much of the above literature on civil society and social enterprise crosses over into discussions about the nature of the third sector in Europe. An analysis of the European policy process by Kendall and Anheier (2001) suggests that, despite the importance attributed to TSOs, there is a lack of policy frameworks that would allow third sector interests to influence the European policy process in a structured way. One of the reasons for the absence of a European policy stream on the third sector is likely to be the sheer complexity of the European policy process. Greenwood argues that *"... demands for a legal basis to consultation would paralyse an already overloaded and under-resourced bureaucracy, because there would be demands that every measure with an impact on citizenry be debated first at a third sector forum."* (Greenwood 2003, p. 220)

This argument is supported by Kendall (2005) who shows that the construction of a concept of a 'European third sector' within the context of the European policy process is fraught with difficulty because of the diversity and breadth of issues and literatures connected with these two topics (Kendall 2005, p. 1-16). This includes research on the blurring of institutional and organisational boundaries between TSOs, private businesses and public sector organisations within EU member states (Brandsen, van de Donk et al. 2005; Evers 2005). In addition there are suggestions that the specific context of the EU requires new conceptual frameworks which transcend sectoral and institutional boundaries, and focus on the process of 'co-production' of public services between TSOs,

public sector organisations and citizens (Pestoff and Brandsen 2008). While such conceptual issues are discussed in more detail in section 3.3, the remainder of this chapter provides an overview of the European Structural Funds, and an outline of the European Community Initiative URBAN to complete the contextualisation of the topic this study is concerned with. This is followed by the introduction of the research questions which guided this study.

1.3 The European Structural Funds and Community Initiatives

European Structural Funds are the main instrument of EU regional policy, the purpose of which is to correct economic and social disparities between regions within and across the member states of the EU (Keating 1997). Structural Funds are also a key mechanism through which sub-national actors, such as local authorities, are drawn into the European policy process (Rumford 2000; De Rynck and McAleavey 2001). Since the establishment of the European Regional Development Fund in 1973 (Commission of the European Communities 1973), the Structural Funds have been continuously growing both in their budgetary size and in the breadth of issues they aim to address (Hooghe 1996).

Since their inception the Structural Funds have been subject to a continuous process of reform which has contributed to an increasingly high profile of TSOs in EU policy (Bache 1998). The enlargement of the EU from 15 to 25 member states in 2004 led to further substantial reforms and a reduction in the number of strategic objectives. For the 2000-2006 programming period the three strategic objectives of the European Structural Funds were:

- **Objective 1:** To continue to assist the least developed and most sparsely populated regions.
- **Objective 2:** To assist areas undergoing socio-economic change in the industrial and service sectors, declining rural areas, urban areas in difficulty and depressed areas depending on fisheries.
- **Objective 3:** To support the modernisation of systems of education, training and employment. (Based on: George and Bache 2001, p.370)

European Community Initiatives form part of the Structural Funds. These Community Initiatives are drawn up by the European Commission to complement the main policy

priorities of the Structural Funds. They cut across the strategic objectives of the Structural Funds and aim to enhance particular areas of EU regional policy. Common features of the Community Initiatives are that they try to provide simplified access to, and administration of, resources from the Structural Funds, and that they have a strong emphasis on partnership and the exchange of practical experience amongst European member states. The Community Initiatives that operated during the 2000-2006 period were:

- INTERREG: Encouraged international, cross border and transnational co-operation;
- LEADER: Supported rural development;
- EQUAL: Aimed to reduce inequalities in the labour markets;
- URBAN: Supported the regeneration of inner cities. (George and Bache 2001, p.361 ff.)

In the 2007-2013 programming period, the Structural Funds were financed with €347 billion (Commission of the European Communities 2006b), of which €9.4 billion has been allocated to the UK (Department for Business Enterprise and Regulatory Reform 2007). The Community Initiatives have been integrated into the mainstream Structural Funds for this programming period, requiring individual member states to ensure that policy objectives relating to social and economic inclusion, such as tackling deprivation in urban areas, are identified and prioritised at national, regional and local levels (Commission of the European Communities 2007b). Recent changes for the 2007-2013 programming period also involved a revision of the regulatory frameworks for the implementation of the Structural Funds, which gave national and sub-national agencies greater control over and responsibility for partnership working:

“The partnership principle is a fundamental principle underpinning all aspects of cohesion policy – programming, implementation, monitoring and evaluation – and has now been widely accepted as a key element of good governance. The system of multi-level governance, based on a strategic approach and involving Community, national, regional and local authorities and stakeholders helps to ensure that actions are adapted to circumstances on the ground and that there is genuine commitment to success.”

(Commission of the European Communities 2007e, p.ix)

1.4 European Urban Policy and the URBAN Community Initiative

While the policy developments outlined above suggest a growing interest in the involvement of TSOs in the delivery of European regional policy generally, there have also been specific developments which have brought TSOs into sharp focus in relation to EU policy on urban regeneration initiatives. One of these developments is the Action Plan for Sustainable Urban Development (Commission of the European Communities 1999b). In this policy the European Commission argued that cities required a specific EU policy framework because they were the 'engines of growth' in Europe with 80% of European citizens living in towns and cities. At the same time, European cities were also the locations where the numbers of economically and socially excluded groups were steadily increasing. This called for a range of actions to improve the inclusion of citizens in the development and delivery of EU funded urban regeneration initiatives. Among the most prominent policy proposals were those concerned with the engagement of local communities and the TSOs active within them. For example, with reference to promoting equality and social inclusion, the Action Plan for Sustainable Urban Development stated: "*The Commission will therefore seek to promote urban specific co-operation wherever appropriate and to involve NGOs and other civil society actors.*" (Commission of the European Communities 1999b, p.13).

The report goes on to say that urban regeneration "*...partnerships should include economic and social partners, NGOs and resident groupings;*" and that a key characteristic of urban regeneration was "*...local capacity-building and empowerment of excluded groups.*" (Commission of the European Communities 1999b, p.14)

At a later stage the Third Report on Economic and Social Cohesion (Commission of the European Communities 2006a) pointed out that 10% of total EU funding for the 2000-2006 Structural Funds, amounting to approximately €20 billion, had been ring-fenced for urban regeneration interventions. Current EU policy continues to show a strong focus on urban regeneration and the inclusion of TSOs. For example, the guide on 'The Urban Dimension in Community Policies' contains detailed suggestions on how the 2007-2013 Structural Funds can be used to fund urban regeneration initiatives which actively engage TSOs and local communities (Commission of the European Communities 2007a).

In parallel to these EU wide policy initiatives by European institutions, a number of national initiatives also aim to increase the profile of towns and cities in European regional policy. For example, the Leipzig Memo was initiated under the German EU Presidency, setting out the important contribution of cities in the delivery of local strategies for social and economic inclusion (EuroCities and Deutsches Institut für Urbanistik 2007). This led to the development of the Leipzig Charter on Sustainable European Cities (The German Presidency of the European Council of Ministers 2007), which identified deprived neighbourhoods and the need for the engagement of citizens and TSOs as good practice in urban regeneration and development. In addition, the EU funded URBACT programme, which operated during the 2000-2006 funding period, was expanded in size for the 2007-2013 period to support a wider range of networks through which good practice in urban regeneration could be shared across Europe (Commission of the European Communities 2007c).

Overall, this contextual literature suggests that there are clear policy drivers at European as well as national levels which emphasise the important contribution TSOs can make towards the delivery of urban regeneration initiatives.

1.4.1 The URBAN II Community Initiative

The URBAN Community Initiative was designed specifically to support the development of more effective approaches to achieving social and economic inclusion in some of the most deprived neighbourhoods of European cities (Commission of the European Communities 2003; Commission of the European Communities 2004a). From the outset, the URBAN initiative emphasised the need for the integrated development and delivery of local interventions through public, private and third sector partners. This approach became known as the 'Urban Acquis' (Deutsch-Österreichisches URBAN-Netzwerk 2005; Ministry of Interior and Kingdom Relations for the Netherlands 2005) and has since then featured in many significant European urban policy initiatives, for example in the Bristol Accord on the development of sustainable communities (Office of the Deputy Prime Minister 2005a), which led to a number of policy proposals on urban regeneration and development (Office of the Deputy Prime Minister 2006b). The Urban Acquis also underpins the continuation of the URBACT programme which supports the exchange of ideas and learning on urban regeneration between European towns and cities

(Commission of the European Communities 2002b; URBACT Secretariat 2007; Commission of the European Communities 2007c).

URBAN operated over three stages. The first stage was implemented between 1989 and 1993 and consisted of a range of small pilot projects (Commission of the European Communities 2007d). These pilots were followed by URBAN I, which operated between 1994 – 1999, and which was considered to have had a significant impact on the development of good practice in EU-funded urban regeneration initiatives (Commission of the European Communities 2002a). The URBAN II Community Initiative operated from 2000 – 2006 and received substantially more funding than its predecessors: approximately €728 million (Commission of the European Communities 2000a). URBAN II was initiated as part of the 2000 – 2006 Structural Funds. Following approval, the European Commission invited proposals from member states for projects which would: *“promote the formulation and implementation of particularly innovative strategies for sustainable economic and social regeneration of small and medium sized towns and cities or of distressed urban neighbourhoods in larger cities.”* (Commission of the European Communities 2000a, p. 3)

The principles governing the URBAN II initiative included technical requirements about the size of the programme area, cross functional integration of public sector organisations, and implementation processes which were inclusive of local communities. There was an emphasis on the involvement of TSOs, and proposals by national governments for URBAN II funding had to be supported by evidence of:

“Strong local partnerships to define challenges, strategy, priorities, resource allocation and to implement, monitor and evaluate strategy. Partnerships should be wide and effective and should be comprised of economic and social partners, NGOs and residents groupings...” (Commission of the European Communities 2000a, p.4)

Further principles, which are applicable to the administration of any funding from the Structural Funds, included that the European Commission appoint a ‘managing authority’ for an operational programme in a member state, which could be a national, regional or local public authority. The European Commission would also appoint a public body not related to the programme to certify and audit approved expenditures against an agreed budget:

“Although the Structural Funds are part of the Community budget, the way they are spent is based on a system of shared responsibility between the European Commission and Member State authorities:

- *The Commission negotiates and approves the development programmes proposed by the Member States, and allocates resources.*
- *The Member States and their regions manage the programmes, implement them by selecting projects, control and assess them.*
- *The Commission is involved in programme monitoring, commits and pays out approved expenditure and verifies the control systems.”* (Commission of the European Communities 2006c, p.2)

Consequently, all proposals requesting funding from the URBAN II programme had to be submitted by national governments to the European Commission for approval (Commission of the European Communities 2006b), but the control and administration of the funding was characterised by a ‘multi-level governance’ (Hooghe and Marks 2001) approach. In this multi-level governance arrangement for the administrations of the URBAN II initiative the European Commission retained overall control of the budget, but put in place mechanisms at national and regional levels which ensured that member states fulfilled the contractual obligations they had entered into. Delivery could therefore be designed and executed in ways which responded to national and local contexts within an overall programming framework. This explains, in part, why the URBAN II funding guidelines were not overly prescriptive with regard to the structures and processes local LDPs were expected to adopt, but were very specific about the obligations of governmental organisations and accountable bodies instead (Commission of the European Communities 2000a; Commission of the European Communities 2002c).

1.5 The Research Questions for this Thesis

There is, then, a growing interest in, and support for, TSOs as partners in the local implementation of European regional policy through the Structural Funds, with urban regeneration policy having a strong focus on TSOs as partners in the development and delivery of EU-funded interventions. Despite this, and the substantial financial support provided by European institutions for third sector interest representation, there is to date no formal process or policy framework that would give third sector interests a firm place

in the overall EU policy process (Kendall and Anheier 2001; Kendall 2005). Furthermore, despite a growing academic interest in TSOs in the context of the European Union (Evers and Laville 2004a; Osborne 2008), there are no accounts of the amounts of European funding that reach TSOs, and no systematic analyses of the extent to which TSOs participate in LDPs that control EU funding or how they are affected by EU funding they receive through those structures.

This lack of information and analysis is remarkable, considering that EU policy and funding streams aimed at drawing TSOs into the policy implementation process are now well established. Furthermore, TSOs have long worked with national and local governmental agencies on the delivery of EU-funded interventions, but again, there are few accounts of the role and contribution of TSOs to the delivery of EU-funded interventions at a national level (Chapman 2005; Armstrong and Wells 2006). It is the contention of this thesis, therefore, that questions of how EU policy and funding affects TSOs are under-researched and poorly understood.

Given the strong focus of EU urban policy on the inclusion of TSOs and the substantial amounts of EU funding involved, it seems important to understand how TSOs fare in the development and delivery of EU-funded interventions. As EU urban policy goals have been mainstreamed into the Structural Funds, it is particularly important to understand how TSOs are affected by European funding because of the significance of the Structural Funds as policy instruments of the European Union. The URBAN II Community Initiative offered a promising context for the exploration of how EU funding might affect TSOs because of its emphasis on TSOs as key partners in tackling social and economic exclusion. The first main research question this study aimed to answer was therefore:

- How does URBAN II funding affect TSOs involved in the delivery of URBAN II funded projects?

There are a number of reasons why it can be assumed that URBAN II funding is likely to affect TSOs in different ways, and why there are likely to be variations between European member states. These include that regulations governing the Structural Funds, and with this the funding for URBAN II, are legally binding and applied consistently across the European member states (see 1.4 above). Nonetheless, the principles of multi-level governance (Bache 2000; Sutcliffe 2000; Hooghe and Marks 2001) suggest that national

governments and local LDPs are likely to be able to use EU funding in ways which suit their particular local circumstances. The available literature, although limited, also suggests that the room for manoeuvre available to national and local governments in the implementation of EU-funded interventions can be significant (Geddes 2000). However, it is not known whether and to what extent different national contexts express themselves in different organisational impacts. Therefore a further research question for this thesis arose, which was:

- Do organisational changes vary in relation to the local and national context in which URBAN II funding is used?

In addition, it is important to explore whether EU funding differs in its impact on TSOs when compared with governmental funding. As there is very limited research on how EU funding affects TSOs, a third and final research question, which flows from the previous two questions, needs to be pursued. This third question was:

- Are organisational changes resulting from the use of URBAN II funding different from those resulting from governmental funding identified in earlier research?

The exploration of these three research questions was expected to make an important contribution towards filling a gap in knowledge about how URBAN II funding and, by implication, other EU funding, can affect TSOs.

Chapter Two: Review of the Literature

2.1 Introduction

Before the findings from the review of the literature are presented, it is necessary to make a distinction between governmental and European funding. Funding from national governments or the EU is considered here to be 'public sector funding'. This is in contrast with 'private sector funding', which may be provided by individuals or commercial organisations, and 'charitable funding' which is provided by charitable trusts and foundations (National Council for Voluntary Organisations 2007). 'Governmental funding' is understood to mean funding that is obtained by TSOs from governments or governmental agencies within the context of the nation state in which the TSOs operate. 'European funding', in contrast, is understood to mean funding that is controlled by the institutions of the EU and allocated to TSOs, usually through the institutions of nation states. Where it is not possible, or helpful, to make the distinction between governmental and European funding, the generic term 'public sector funding' is used in this study.

This chapter begins with a brief overview of the literature dealing with the UK policy context in relation to the third sector and TSOs. This is followed by a review of the literature that specifically deals with the impact of public sector funding on TSOs.

2.2 Third Sector Organisations in the context of UK Social Policy

Questions of how TSOs obtain and use financial resources occupy a prominent position in the literature, particularly in relation to governmental funding. The UK Voluntary Sector Almanac 2007 (National Council for Voluntary Organisations 2007) shows that there has been a consistent trend between 1995 and 2005 towards a growth in the amount of governmental funding that flows into the third sector, and that such income now has a larger share of the funding mix than grants, gifts and donations, i.e. funding which is 'given without expectation of return' (ibid. p.37). The proportion of governmental income for TSOs that is given in grants is constantly reducing in favour of income earned through contracts and service level agreements, which now makes up 66% of all governmental funding that is received by TSOs (ibid. p.3). These data suggest that the 'contract culture' between government and TSOs, which has been a topic of academic debate for some time (Kramer 1994; Perri 6 and Kendall 1997; Taylor 2002), is now well established.

The growth in ‘contracting’ and ‘commissioning’ between governmental agencies and TSOs is a reflection of the way in which expectations about how public sector organisations should provide services have changed. As part of wide ranging and continuous reforms to the public sector, the UK government has increasingly used “arms’ length” public sector organisations, private sector and third sector providers to deliver public services (Osborne and Gaebler 1992; Rhodes 1994; Rhodes 2000; Stoker 2000). One policy area in which TSOs have assumed a particularly prominent role has been in relation to public sector-led partnerships. While these partnerships were initially established between public and private sector organisations as vehicles for urban regeneration (Hall and Mawson 1999; Wilks-Hegg 2000), by the end of the 1990s partnership working had become one of the main mechanisms for the development and implementation of public policy (Balloch and Taylor 2001; Newman 2001; Newman 2004). The range and complexity of the different types of partnership established between governmental agencies, private and third sector organisations continues to grow (Glendinning, Powell et al. 2002; Sullivan and Skelcher 2002; Skelcher, Mathur et al. 2005). Partnerships also continue to be one of the most significant policy vehicles through which TSOs access governmental funding to address social and economic problems, particularly in deprived neighbourhoods (Social Exclusion Unit 2001a; Office of the Deputy Prime Minister 2004; National Council for Voluntary Organisations 2005; Office of the Deputy Prime Minister 2005b; Office of the Deputy Prime Minister 2005c).

Early studies by Billis and Harris (1992b; 1993b) on the impact of these broad policy changes predicted that TSOs would have to face up to a wide range of organisational challenges. Since then a substantial body of literature has developed, together with some agreement, on the connections between the receipt of governmental funding and the way in which TSOs define their values, arrange their work and engage with their stakeholders. One of the earlier milestones in the development of this literature was the collection of articles edited by Billis and Harris (1996), which brought together a substantial body of knowledge on the distinctive challenges TSOs were facing. A later review by Harris and Rochester (2001) confirmed that the changes in social policy during the 1980s and 1990s had led to a wide range of challenges for TSOs, many of which had been identified or predicted in earlier studies. These included standardisation, formalisation and

professionalisation of organisational processes, loss of connections to the grass roots, and changes in mission or organisational purpose (Harris 2001a).

Additional challenges have been identified in relation to 'partnership working'. The literature shows that despite TSOs being promoted by government policy as significant actors in partnerships, they face substantial barriers to accessing and utilising the resources that are controlled by partnerships, in particular where these partnerships are led by public sector agencies (Lowndes and Skelcher 1998; Taylor 2001; Lewis 2005). These barriers include power imbalances, different organisational cultures, and the technical complexities that partnerships deal with (Balloch and Taylor 2001). In their attempts to overcome these barriers and to engage effectively in partnership processes, TSOs frequently encounter mission drift, challenges in upholding the original organisational values, replacement of volunteers with paid staff and becoming overall more 'professional' and detached from their communities (Atkinson 1999; Taylor 2003).

The UK literature, then, suggests that the use of governmental funding, and the processes associated with obtaining it, can pose a wide range of challenges for TSOs. This literature also suggests that substantial resources are invested by TSOs and governmental agencies in dealing with some of these challenges (Craig, Taylor et al. 2002; Taylor 2003a; HM Treasury 2004c; National Council for Voluntary Organisations 2005; National Council for Voluntary Organisations 2005). The literature on the organisational challenges encountered by TSOs using governmental and, where research is available, European funding is now explored in detail.

2.3 The Impact of Public Sector Funding on Third Sector Organisations

There is a wide ranging literature which considers issues related to governmental funding and TSOs, but few empirical studies were found which are specifically concerned with questions about the way in which the EU funding or policy might affect the organisational structures and processes of TSOs. Osborne (2008) argues that while there is a distinctive institutional context within the EU which fosters the contribution of TSOs towards social inclusion, the delivery of public services and the development of civil society, the study of the third sector in Europe is in its early stages of development:

“This book is intended to be the first stage in the creation of a genuinely pan-European body of research and theory that will explore and analyse the third sector from a manifestly European perspective. ” (Osborne 2008, p.4)

As there was no coherent body of literature that this thesis could draw on to establish the current state of knowledge about the way in which EU funding is known to affect TSOs, a number of ‘adjacent’ literatures were subject to a systematic review. This review was designed to identify studies about organisational change in TSOs and covered a range of disciplines, including public administration, social policy, and European policy. The search of bibliographical databases focused on primary and secondary research concerned with the third sector topics, specifically studies which explored the work of TSOs in the context of urban regeneration programmes. Most of the literature was drawn from studies published in peer reviewed journals, monographs and edited books. A limited number of PhD theses as well as studies published by EU or governmental agencies were also included and were clearly identified as such in this review.

The analysis of the literature suggested that there are four broad themes which capture the key challenges TSOs encounter in managing organisational change which results from the acquisition and use of governmental and EU funding. These broad themes of organisational change are:

- Reduced engagement with members of the local community;
- Changes in organisational mission and values;
- Formalisation and professionalisation of organisational structures and processes;
- Isolation from previous networks and sources of support.

While these themes are to some extent overlapping and interrelated, they are presented separately here to support the structured analysis of how EU funding affects TSOs at later stages in this thesis.

2.3.1 Reduced Engagement with Members of the Local Community

The literature suggests that one of the main reasons why national governments as well as the EU provide funding for TSOs is because TSOs are considered to be closer to local communities, and more intimately linked to people on the margins of society than public

sector organisations (Brandsen, Pavolini et al. 2005; Crowhurst, Fernandez et al. 2005; Office of the Deputy Prime Minister 2005c; Taylor, Wilson et al. 2007). However, TSOs can lose their connection with local residents and communities in a number of ways as a result of using governmental funding, such as through the replacement of volunteers with paid staff, or through changes to the governing body where local activists are replaced with more 'professional' volunteers who might have better networks with decision makers and potential funders. A third reason why TSOs might encounter a reduction in their 'connectedness' to local communities is their being perceived as having been incorporated by governmental funders, and thus as having lost their capacity to be advocates for particular groups within communities. The key literature dealing with these issues is presented below.

There is a substantial body of literature exploring the organisational impact of the replacement of volunteers with paid staff. One of the main reasons why TSOs encounter problems with the recruitment and retention of volunteers is the formalisation of working practices (Davis Smith 1996; Davis Smith 2001). This is caused in part by pressures to become more 'business-like' which have been found to have a detrimental effect on volunteer motivation:

"Volunteer settings are among the few social settings in which there is genuine freedom to construct social relationships without the constraints of tradition or economic pressures. This freedom may serve as one of the most attractive features of volunteering. ... This suggests that many practitioner attempts to make the organization more 'businesslike' need to be accomplished with care." (Pearce 1993, p.79)

The introduction of paid staff can also give rise to conflicts between established volunteers and new members of staff. Issues of authority and responsibility are often the cause of such conflicts because paid staff tend to be reluctant to let go of control or take risks which might threaten their status or career prospects, while volunteers want to shape the work they do in ways which respond to their personal needs and interests (Rochester 1999). Similar impacts were observed by Scott et al. (2000) who found that the replacement of volunteers with paid staff changed the culture and values of TSOs, primarily because paid staff had different expectations and outlooks on their 'career' than volunteers had about the work they were doing. In addition, paid staff were found to have

greater concern for the needs of the funder, responding to reporting and accounting requirements with greater formalisation and professionalisation of procedures.

One approach to dealing with pressures to professionalise the services is to 'train' volunteers. The personal and professional development of volunteers delivering government funded services is considered good practice in the UK (Davis Smith 2001; Volunteering England 2007). But a study by Fyfe and Milligan (2003) on the allocation of regeneration funding in Glasgow found that in response to pressures by funders to provide more reliable and professional services, TSOs focus on recruiting and retaining only those volunteers with the capacity to deliver such services. Rather than acknowledging the importance of volunteering in shaping services, TSOs competing for government contracts attempt to reduce the contribution of 'untrained' volunteers, and even try to hide volunteer participation by pretending that volunteers are members of staff. A study participant managing a TSO was recorded as saying:

"Management committee and some other agencies have also said 'Well why call them volunteers? Why not support workers?' You know, it gives a different edge to it when you are saying to someone, 'Well one of the support workers will be contacting you.' That's the way forward for us ... to call them support workers rather than volunteers." (Fyfe and Milligan 2003, p. 2083)

Volunteers serving on the governing body of TSOs play an important role and are often the only regular volunteers TSOs can draw on. However, as TSOs engage in contracted service delivery, governing bodies have been found to become overwhelmed by technical issues related to the contractual and legislative requirements associated with governmental funding contracts (Harris 1998b). As previously noted, one response of governing bodies is to become more 'business-like', which tends to involve the formalisation of relationships between themselves and paid staff. While this is intended to avoid 'interfering' with the running of the organisation, governing bodies also relinquish some of their control and influence over the organisation's overall direction and mission at the same time (Harris 1987; Harris 1993). A study by Hardina (1993), on TSOs working in deprived neighbourhoods in Chicago, showed that staff members were so successful in ensuring that the obligations associated with funding were fulfilled, that their governing bodies had little influence over the strategies their organisations pursued.

TSOs can also encounter difficulties in the recruitment and retention of voluntary board members with the skills and influence to further the TSO's mission and goals, because of the increasing demands made on board members. Local TSOs seem to suffer disproportionately because of the small pool of people that they can choose from (Scott, Alcock et al. 2000). Alcock et al. (1999) show that the delivery of services with governmental funding leads to a shift away from communal to professional representation at board level in small TSOs. In reviewing how recent developments in social policy have affected governing bodies of TSOs, Harris (2001) argues that members of governing bodies are becoming increasingly demoralised and difficult to recruit, thus threatening the ability of TSOs to make their contribution to the provision of welfare to those considered in need:

"For some members of local boards, the pressures have become so heavy and the counterbalancing rewards so few that they have become demoralised.local board members generally appear resentful and anxious, hanging on only because of a lingering commitment to the client group served by their agencies." (Harris 2001b, p.181)

For TSOs which have gone down the route of becoming professional service providers, it may be only the members of the governing body who are providing an unpaid and voluntary input into the organisation. This kind of reduction in volunteering by local people in local TSOs tends to reduce the degree to which local people can influence the work of TSOs operating in their neighbourhoods. In their analysis of how urban regeneration funding affects the accountability of TSOs towards their local stakeholders, Milligan and Fyfe (2005) found that larger TSOs become more remote from the communities they aim to serve. Pressures to 'professionalise' their organisation also led to TSOs losing touch with the local supporters they intended to engage with:

"Although organisations maintain that their voluntary management committees provide evidence of the continued presence of volunteers, as organisations professionalise, they increasingly seek to recruit 'targeted volunteers' whose networks can facilitate access to key funders and policy makers. These developments result in a disengagement from local communities and a disempowerment of citizens...." (Milligan and Fyfe 2005, p. 431)

The development of formal administrative systems and structures, the professionalisation of governing bodies, and the replacement of volunteers with paid staff, can lead to TSOs losing their credibility as advocates and representatives of the local communities they

once emerged from. In an analysis of empirical and theoretical research about the processes leading to the professionalisation of TSOs, Backman and Smith (2000) argue that TSOs tend to develop their capacity to fulfil funding requirements associated with accountability, quality and efficiency, at the expense of developing and maintaining their community networks. The capability to bring about collective action and to foster the inclusion of marginal stakeholders is being reduced and ultimately lost, because such 'professional' TSOs no longer have the trust and support of members of the local community. A similar argument is made by Shirlow and Murtagh (2004) who observed in Belfast that regeneration funding to support TSOs in re-building their local communities does not necessarily lead to the maintenance or improvement of links between TSOs and their local community. Instead, TSOs were found to claim that they represented the views of 'their' community in order to secure funding, but had in fact little support from local stakeholders. In some cases the prime motivation was to secure funding for organisational survival, rather than responding to the needs of the communities they claimed to serve. Consequently, residents who were supposed to be supported and represented by local TSOs felt that their local TSOs were remote from their day-to-day lives and practical needs:

"Instead of acting as the 'glue that holds a community together' or as a 'moral resource', the community sector can be viewed by residents as self-serving, remote and hierarchical." (Shirlow and Murtagh 2004, p.60)

These findings are reflected by Silburn et al. (1999), who found in their study of inner city neighbourhoods in Nottingham that TSOs which focused on obtaining governmental funding to secure their own future were losing the support of local residents. The few people who did give practical support chose TSOs which provided scope for them to determine priorities and shape the provision of the services that were being provided. A similar argument is made by Meyer and Hyde (2004), who studied collaboration amongst TSOs in urban neighbourhoods in Baltimore, USA. They identified two types of TSOs: those that were primarily looking after their own interests without making many connections to other TSOs, and those which were helping other individuals and organisations, and were developing collaborative relationships to address issues of common concern. The authors defined the former as 'isolationist' TSOs, which were considered to be a prime source of competition and turf wars about funding.

2.3.2 Changes in Organisational Mission and Values

There is a long standing debate about the incorporation of TSOs into the public sector through institutional coercive and mimetic isomorphic pressures (Di Maggio and Powell 1983; Di Maggio and Powell 1991). These isomorphic forces are seen to make TSOs become more similar to public sector organisations, thus eroding the features that make TSOs distinctive and different from public and private sector organisations (Billis 1993b; Lewis 1999; Harris 2001a; Craig and Taylor 2002; Brandsen and Pestoff 2006). The literature contains many arguments about the need for government to abstain from over-regulating funding arrangements to avoid TSOs 'becoming like the public sector' (Blackmore 2004, p.32), for funders to 'avoid burdening TSOs with the rationales of public sector organisations' (Brandsen, van de Donk et al. 2005), and for TSOs to use their increasing influence to take up more powerful negotiating positions (Taylor, Craig et al. 2002). However, despite these suggestions, the realities of using governmental funding can present very significant challenges for TSOs in upholding their mission and values.

Harris, for example, identified in a number of studies that board members let management take the lead in setting the direction for the organisation because they are overwhelmed by the volume and complexity of the issues that need to be taken into account when making decisions which are related to the use of government funding (Harris 1994; Harris 1996; Harris 2001b). This can have a wide range of consequences, including mission drift, changes in organisational structures, process and priorities, and which together can pose a threat to the survival of the organisation.

In their study of the impact of funding on TSOs, Scott et al (2000) reported that at times TSOs had to deal with statutory organisations which were trying to impose their model of working on them. In some cases local authorities were being perceived as actually 'managing', albeit at arm's length, TSO staff in order to ensure that desired service outcomes were achieved, overriding any organisational mission or strategy these TSOs might have had. Shaw and Allen (2006), who studied the funding relationships between TSOs and governmental funders in New Zealand, found that relationships characterised by the measurement of outputs, inputs and quality control tended to undermine the mission of TSOs. Similar findings were reported by Wilkinson (2004) who studied the contracting and partnership relationship between TSOs and public sector organisations in

the provision of services for older people in the UK. Drawing on social capital theory, Wilkinson argues that TSOs are not enabled to pursue their social objectives in funding relationships with governmental agencies, and instead are excluded from policy debates and incorporated into public agency service delivery processes:

"Groups spoke of the danger of 'instrumentalism', of having to follow government agendas and funding streams to the detriment of their organisation's own core objectives. Several respondents expressed the fear that the sector might facilitate incorporation into 'how things are' rather than promote innovation and change." (Wilkinson 2004, p.350)

A study by Pharoah et al (1998) similarly found that TSOs struggled to balance their organisational mission and objectives with the demands of governmental funders for particular outputs. TSOs were described as being the *'most crucial and yet least robust partner'* in regeneration partnerships (Pharoah 1998, p.13), particularly with regard to reaching into local communities to achieve regeneration outcomes on behalf of public sector organisations. Case studies by Rochester et al. (1999) showed that small organisations could find themselves drifting into unplanned organisational change because the funding opportunities they pursued increased their dependency on governmental funders. The requirements of funders then created conflicts around organisational values and mission which could often not be reconciled.

Lewis (1996) has argued that partnership working and the associated contractual relationships are likely to lead to the bureaucratisation of TSOs, and subsequently to a change of mission and values. An early analysis of the impact of contracting from the United States supports this argument. Kramer (1994) found that partnership working led to greater formalisation and bureaucratisation of TSOs, but further suggests that while larger TSOs seemed to gain from these developments, smaller TSOs were losing the attributes that originally made them attractive to governmental funders:

"It is ironic that smaller community-based organizations survive in the contract culture by modifying the very qualities that might have made them attractive as contractors in the first place: being smaller, more informal, and more accessible to a population that would be difficult for a government to serve." (Kramer 1994)

Skelcher et al. (1996) observed that larger voluntary organisations used their 'free' resources to engage in bidding and negotiations with funders. While this was considered

essential to secure governmental funding, TSOs were also found to grow in size and complexity, and as a consequence became increasingly similar to their public sector partners. Similarly, early research into the effects of working with regeneration partnerships in the UK found that TSOs were becoming more 'business-like' at the expense of maintaining their advocacy function:

"The professional NGO's within the voluntary sector provide services, spend large amounts of money and have substantial administrative capacity to organise their affairs just like statutory bodies. ... Historically they may have campaigned for changes in the shape of services in the interest of particular groups. As they have moved towards the direct provision of services their representative roles may be compromised."(Roberts, Russel et al. 1995, p.48)

A study by McKinney and Kahn (2004) on the impact of lottery funding on TSOs in the UK shows how large funding allocations can lead to a change in an organisation's self perception and in the way it is perceived by others. The authors found that the prospect of large funding allocations required TSOs to demonstrate that they had systems, structures and practices which were commensurate with funders' ideas of what constituted a competent organisation. Where there was a gap between the organisational identity presented in the funding proposal and the reality, TSOs tended to change their structures, process and values to reflect those portrayed to the funder once their bid had been successful. This in turn led to an 'internalisation' of the values that are associated with formal systems, structures and processes. Staff or volunteers who resisted change were overruled or ignored by managers, often specifically appointed to deliver these new projects, thus leading to at times profound changes in organisational values and identities. Further impacts included that lay board members were over-stretched by the requirements arising from a rapidly changing and growing organisation and had lost control over the direction their organisation took:

"When the project commenced, it became clear that few or none of the board members had a clear idea what the money was to be used for." (McKinney and Kahn 2004, p.11)

The limited literature that deals with EU funding and TSOs points to isomorphic pressures which result from the use of such funding. A study on advocacy in the EU by Pugh (1998) found that EU institutions explicitly support TSOs to lobby on behalf of disadvantaged and marginalised groups by offering them funding and access to decision

makers, because this is considered to improve European policy process. The European Commission is estimated to spend on average €1 billion each year directly funding TSOs that are representing public interests in the European policy process (Greenwood 2003, p.179 ff). Interest groups representing public, third sector and private sector organisations also play a central role in the European policy process. The development of European policy was accompanied by a rapid growth of interest groups, including many third sector-led networks (Mazey and Richardson 1999). Although the European Commission did not fund their establishment, many were actively encouraged by European institutions to establish a lobby on particular policy issues (Hix 1999; Greenwood 2003).

While the studies referred to above identify a range of organisational impacts resulting from governmental funding, it is notable far less is known about the way in which EU funding affects TSOs which are using EU funding to deliver projects or services.

2.3.3 Formalisation and Professionalisation of Organisational Structures and Processes

Formalisation is perhaps one of the most complex areas of organisational change to capture, partly because the formalisation and professionalisation of TSOs is part and parcel of other impacts reported here; but also because the formalisation of organisational structures is considered to be part of an organisation's normal developmental process (Galaskiewicz and Bielefeld 1998). Some scholars consider the formalisation of organisational structures and processes to be of substantial benefit to TSOs, particularly where they intend to maintain or develop their position as a service provider for governmental agencies (Salamon 1995; Anheier 2005, p.139ff.).

A particular kind of organisational challenge is the need to deal with the tensions that arise from making choices between accepting governmental funding and risking unwanted organisational change, or forgoing the funding opportunity to avoid unwanted organisational change (Billis and Harris 1992a; Billis 1993b; Billis 1996). These tensions are well illustrated in a study by Milligan and Fyfe (2005), which shows how public sector agencies put pressure on TSOs to increase organisational capacity and the level of formalisation, in order to be able to use them to address social problems which have been prioritised by public sector organisations. While larger TSOs have been found to respond

well to such pressures, smaller TSOs face a stark choice between either foregoing governmental funding, or beginning a process of organisational change in which they professionalise their processes and services, and in which important local stakeholders, such as volunteers, may become marginalised:

“Opportunities for the development of active citizenship through voluntary organisations appear to decline as they seek to professionalise to meet the standards of accountability laid down by their core government funders. The increasingly complex welfare services they provide are also delivered, largely, by paid professionals or trained volunteers – eroding space within these organisations for the traditional volunteer.” (Milligan and Fyfe 2005, p.431)

In addition to providing funding for specific social needs, governmental agencies also provide funding to tackle emerging social problems which are often identified and responded to first by TSOs. A study by Chambre and Fatt (2002) on the challenges encountered by newly established HIV/Aids organisations in the United States found that funders tended to exploit the enthusiasm of TSOs to make a difference. Much of the cost involved in setting up systems and recruiting staff, board members or volunteers to deliver agreed services was often not fully covered by the funding offered. This undermined the TSOs ability to recruit staff of the required calibre to fulfil contractual obligations. In addition, their planned expansion was undermined by frequent organisational crises arising from insufficient funding which were coupled with expectations from funders of high quality evidence on the impact of their services:

“Rapid organizational growth fueled by funders who did not cover start-up or overhead costs but demanded complex fiscal systems and oversight was common. Increased funding within a relatively short period of time was both a benefit and burden to new organisations because rapid growth frequently led to organizational crises, although rarely did this lead to closure.” (Chambre and Fatt 2002, p.520)

Much of the literature suggests that funding relationships are increasingly defined by an approach rooted in the ‘new public management’ of public services (Ferlie, Ashburner et al. 1996; Ferlie, Hartley et al. 2003). Funding relationships are characterised by the measurement of inputs, outputs and quality. Challenges arising for TSOs from such an approach have been found to affect organisational culture and the type of services they can provide. For example, public sector agencies may primarily want to fund services that

are easily evidenced, while TSOs may want to provide services which are more difficult to evidence in terms of outputs and outcomes. This can lead to the creation of a 'symbolic flow of information' which satisfies the funder but does not reflect the 'real work' that is being done by the TSO. Such tactics are considered to be self-defence mechanisms of TSOs which might protect organisational priorities, cultures and identities, but which ultimately entrench non-collaborative relationships between governmental funders and TSOs (Ebrahim 2002). Building on such arguments Blackmore (2004) suggests that government should refrain from moving away from a simple contracting relationship with TSOs and towards heavy handed performance monitoring, auditing and evaluations just because the latter arrangements are more comfortable for large agencies to deal with:

"If the VCS is over-regulated it stands in danger of becoming like the public sector, weighed down by the same constraints and limitations. It means that what made the sector distinctive in the first place, and the reasons that government often wants to work with it, can be diluted or suffocated." (Blackmore 2004, p. 32)

Rather than being supported to adapt their processes and structures over longer periods of time to respond to changes in policy and to engage more effectively with governmental funders, TSOs seem to be expected to adjust to the needs of funders at short notice (Scott and Russell 2001). This argument is supported by an earlier study by Alcock et al (1999), who carried out 16 case studies of voluntary organisations to analyse the issues they encountered in securing and using funding over a ten year period. The authors identified a pattern of constant organisational change resulting from different funding regimes, which affected organisational activity, structures and priorities. One participant pointed out that *'It was easier to obtain funding for change than for consolidation'* (Alcock et al, 1999, p.28).

Governmental funders, then, can create challenges for TSOs by offering funding in ways that are highly regulated and by resorting to strict monitoring and auditing regimes. However, TSOs have also been found to encounter profound challenges when governments reduce their investment in public services, expecting TSOs to fill the resulting gap by drawing on their own resources. This 'offloading' of public services is the focus of a number of studies conducted in Canada and New Zealand.

A study by Hanion et al (2007) on the impact of the restructuring of welfare provision in Canada suggests that agreements based on a 'Compact' on how government agencies and TSOs should work together tend to support the engagement of 'professional' and large TSOs in the delivery of government funded services. Small grass roots TSOs, on the other hand, tend to become marginalised without being able to establish or sustain contracting relationships with governmental funders. Although larger TSOs received substantial contracts to provide highly specified social care services, ultimately fewer services were funded by government. Such service reductions created pressures for small TSOs because growing numbers of poor people who were not able to pay for social care privately were seeking help from their local TSOs. The researchers point out that in contrast with large government funded TSOs, which deliver their services according to tightly specified agreements, small TSOs cannot 'ration' their service provision through waiting lists or the application of governmental eligibility criteria. Thus, small grass roots TSOs which are not receiving governmental funding face increasing demands for support from their local stakeholders without a commensurate increase in the resources that are available to them. In a number of cases it is staff and volunteers, who tend to be members of the local community, who have to 'ration' service provision personally. This has been found to create tensions and difficult choices about whether to grow the TSO and obtain governmental funding, or whether to stay small and independent, drawing on the support of local stakeholders:

"In many ways local voluntary groups are being directed to behave more like the 'professional' voluntary sector, with its much longer history of competing for government grants and contracts, and much greater organisational capacity to do so effectively. For many of the informants the authors spoke with, these changes are creating a disjuncture in their expectations of voluntarism, potentially undermining what had attracted them to participate in local voluntarism in the first place." (Hanion, Rosenberg et al. 2007, p. 349)

Crack et al. (2006) identified similar pressures in a study which explored how change from a grant making to a contracting regime had affected local TSOs in a small town in New Zealand. The reduction of governmental health care services resulted in a growing number of poor people seeking support from small TSOs in their local neighbourhoods. But despite increased pressures to provide support for needy people, TSOs were not able to access additional governmental or charitable funding. The study quoted examples of

drop-in centres for excluded young people and people with mental health needs, where volunteers and staff tried to limit access to their services by not advertising them because they could not carry the cost involved in servicing existing users:

“I don’t mind letting people know what the services are once they’ve walked through the door, but we couldn’t afford to widely advertise what we do here. Let’s face it, everybody who comes in and has a cuppa costs us 70 cents.” (Crack, Turner et al. 2006, p.194)

The study by Crack et al. also found that large TSOs were becoming increasingly bureaucratic while securing ever larger amounts of governmental funding. Small grassroots organisations, in contrast, were becoming more detached from governmental funding, relying on local donations and support.

“For Dunedin’s smaller VCOs in general, and drop-in-centres in particular, the state contracting environment has routinely undermined their service base by denying them the resources available to larger organisations.” (Crack, Turner et al. 2006, p. 192)

Many of the challenges identified so far in this chapter can be compounded in situations where TSOs obtain their funding through partnerships. TSOs tend to encounter problems in engaging effectively with public sector led partnerships in part because of power imbalances, the structural and political complexity of partnerships, and insufficient resources to participate in meetings and maintain networks (Mayo and Taylor 2001; Taylor 2001; Atkinson 2003; Taylor 2003; Alcock 2004; Whitehead 2007). Short deadlines for the submission of funding proposals and the need for match funding have been found to be another barrier that TSOs encounter when trying to engage in regeneration partnerships (Cemlyn, Fahmy et al. 2005). Small TSOs in particular have been found to struggle to engage with urban partnership processes, in part because of their limited resources (Rochester 1999), but also because of they lack the ‘political clout’ (Lowndes and Skelcher 1998, p.327) to influence partnership decision making processes (Geddes 1997; Ward 1997; Davies 2001).

Third sector infrastructure organisations were at one point considered to be a mechanism through which smaller TSOs could be helped to connect with partnerships and governmental funding (Osborne and Tricker 1994). Such intermediary infrastructure TSOs were seen to need additional support in order to help smaller TSOs in their organisational development, and to draw smaller TSOs into partnership processes with

public sector organisations (Osborne and Ross 2001). The case for the development of third sector infrastructure seemed so compelling that UK government created a significant strategy to build the infrastructure and capacity of the third sector through the ChangeUp programme (Active Community Unit 2004). However, the evaluation of the ChangeUp programme was sceptical about the extent to which the development of intermediaries had contributed towards the development of the organisational capacities of smaller TSOs (Durning 2006). One of the reasons for the limited success of government funded capacity building initiatives is likely to be that intermediary organisations were spending substantial resources and energies on improving their own capacity, rather than that of smaller TSOs, to ensure that they themselves were able to engage more effectively in public sector led partnerships and contracting regimes (Harris and Schlappa 2007).

With regard to EU funding, there are a number of recent studies which show that EU funding can play an important role in encouraging local partnerships to support TSOs. Armstrong and Wells (2006) found that public sector agencies were seeking the participation of TSOs in the partnership that governed the South Yorkshire Objective 1 programme, which was funded through the European Structural Funds. Partnership structures were established to ensure that smaller TSOs could participate in the development of programme policy and gain access to European funding for project delivery. While there were challenges and tensions between public sector and third sector partners, particularly with regard to ensuring that TSOs were receiving resources to fund their participation in the partnership, public sector agencies were eager to resolve these conflicts. The main reason was that TSOs were seen to be close to the target groups which the Objective 1 programme aimed to reach:

“The greatest resource the VCS has, was seen to be its knowledge of the issues facing disadvantaged areas and groups and how these may be reached.” (Armstrong and Wells 2006, p.869)

In their analysis of the impact of the European PEACE programme in Northern Ireland, Williamson et al (2004) concluded that EU funding had a critically important role in fostering collaboration between TSOs, particularly across sectarian divides. Other studies of the Northern Ireland PEACE programme (Williamson, Scott et al. 2000; Acheson and Williamson 2007) also suggest that EU funding can be instrumental in supporting the development of local partnership and governance structures in which TSOs play a major

role, in terms of both developing and implementing policy to tackle social exclusion in some of the most fragmented and marginalised communities of the EU:

"Most respondents from the community and voluntary sector had quite clear views about the importance of their contribution. They believed that the community and voluntary sector had given a strong lead, that their participation would continue and that it had led to better policies which were more sensitive to local needs." (Williamson, Scott et al. 2000, p.60)

Decidedly positive reports about the inclusion of TSOs in regional and local partnerships which govern the European Structural Funds, such as those reported by Williamson and et al. (2000) and Armstrong and Wells (2006) are rare, however. One explanation for this may be that the Northern Ireland PEACE programme explicitly required that TSOs shape and contribute to the delivery of the programme. This is in contrast to other programmes funded by the Structural Funds, the European Regional Development Fund for example, where the participation and contribution of TSOs is considered to be desirable, but not essential (Chapman 2005).

Although the literature does not explore whether partnerships convened for the purposes of delivering Structural Fund programmes affect TSOs in similar ways to government funded regeneration partnerships, the findings from the study by Armstrong and Wells on the Objective 1 Programme in Yorkshire suggests that the challenges TSOs face might be very similar to those encountered in non-EU funded partnerships:

"Undoubtedly the most serious challenge which has faced the VCS in influencing partnerships was their lack of various resources. ... A further challenge facing the VCS in South Yorkshire in the 2000-2006 period has been that of engaging effectively with the new devolved regional tier organizations." (Armstrong and Wells 2006, p.869)

2.3.4 Isolation from Previous Networks and Sources of Support

The literature suggests that as TSOs go through internal organisational change processes, their social and institutional networks also change. These changes might include a disconnection from previous networks and the establishment of new networks. While such changes are likely to be part of a functional organisational development process in which TSOs adjust to their changing operating environment, as suggested by resource

dependence and population ecology theories (Hannan and Freeman 1977; Pfeffer and Salancik 1978), such organisational changes have also been found to inhibit collaborative behaviour amongst TSOs and can increase their dependency on public sector organisations for funding (Guo and Acar 2005).

The advent of urban regeneration programmes is often associated with a jostling amongst TSOs for the most advantageous position in order to be able to submit a funding proposal with a high chance of success. Taylor observed that the prospect of securing a fraction of the large sums of money that are usually available to regeneration partnerships *'can seriously impair the development of trust and relationships'* (Taylor 2000, p. 1028). In an early study on public sector funding for TSOs in the UK, Jeffrey (1997) found that TSOs were easily drawn into competition with each other, even for small sums of funding, which led to a breakdown in relationships between them. Shirlow and Murtag (2004) observed that competition for funding prevented the development of new collaborative relationships between TSOs in Northern Ireland which otherwise shared similar aims. Small TSOs in particular seemed to struggle to maintain their networks. Rochester et al. (1999), for example, found that small TSOs lacked the resources needed to invest time in networking. Their isolation was often compounded because former supporters and colleagues in public sector organisations had turned into 'purchasers' and 'regulators' of their work.

Wilkinson (2004) also found that the contracting approach taken by governmental agencies to fund service provision for older people led to a breakdown in local collaborative networks, with the result that the local third sector became increasingly fragmented and could not put forward consistent alternative proposals reflecting their knowledge of local needs and ways to address them. However, some TSOs, those which fitted most closely into the commissioning frameworks, became 'preferred' providers of public sector services. Others were frozen out of the contracting and service delivery networks maintained by governmental funders altogether:

"Competition within the sector for funding streams and projects was preventing co-operation, whilst the bidding process was leading to a lack of joined-up thinking and service delivery. Some groups had 'most favoured' status while others were frozen out of both funding streams and policy debates." (Wilkinson 2004, p.350)

The sudden influx of large sums of Lottery funding has also been found to alienate those TSOs which were not successful in securing funding. Previously collaborative relationships between TSOs have been found to change such that TSOs which had obtained large sums of funding were expected to share some of their 'wealth' with the smaller and less well-off TSOs:

"However, some groups also reported that Lottery funding had negatively affected particular relationships in unanticipated ways. 'Other organizations suddenly think we're rich' complained one project manager, 'and they keep asking us to provide things for them.'" (McKinney and Kahn 2004, p.12-13)

There is some literature which suggests that, at European level, TSOs are able to mount policy challenges and create alliances with other third sector and private sector actors. These might involve alliances to challenge European policy proposals on giving TSOs free access to secure public sector service delivery contracts across all EU member states (Kendall and Anheier 2001) for example, or alliances to force the European Commission to adopt a tougher line on environmental legislation (Warleigh 2000). However, there are also studies which suggest that EU funding is pitching TSOs in competition against each other, preventing them from collaborating on issues of shared concern. A study by Geyer (2001) on a funding crisis in a number of TSOs working at a pan-european level, found that they were effective in working closely with European Commission officials and political representatives to put in place emergency funding packages to prevent the closure of their organisations. But fundamental problems with regard to the effective collaboration on less essential but more complex policy issues were not tackled by these TSOs. In addition to the problematic implications of a significant dependency on funding from the European Institutions for campaigning and advocacy initiatives, Geyer argues that:

"...despite similar general interests, institutional positions and political constraints, EU social TSOs are caught within a very complex and multi-level 'political opportunity structure' or 'context structure' which mitigates against co-operative strategies except on the most fundamental issues." (Geyer 2001, p. 478)

2.4 Summary and discussion

The above review of the literature suggests that the use of governmental and EU funding can lead to a wide range of organisational changes. These include changes among the members of a TSO affecting staff, volunteers and board members; changes to organisational goals and purposes; changes to the way in which TSOs engage with their operational environment and maintain support from their stakeholders; and changes to the organisational systems and processes through which the work is done.

Such organisational changes are perceived as being largely problematic for TSOs for a number of reasons. Many third sector scholars argue that the acquisition and use of governmental funding undermines TSOs' ability to work independent of governmental funders, to stay true to their original mission and purpose and to maintain a flexible way of working that is responsive to local circumstances. Some authors, in contrast, explain the organisational problems they identified in relation to contracting regimes associated with the provision of publicly funded services (Anheier and Kendall 2001; Salamon 2001; Osborne and McLaughlin 2004; Brandsen and van Hout 2006) or the dynamics related to the participation in public sector led regeneration partnerships (Skelcher, McCabe et al. 1996; Lowndes and Skelcher 1998; Atkinson 1999; Taylor 2001; Atkinson 2003). Yet others explain organisational problems encountered by TSOs by pointing to a loss of accountability to local communities (Harris 2001a; Taylor, Craig et al. 2002; Shirlow and Murtagh 2004), the formalisation of working practices (Billis and Harris 1996; Milligan and Fyfe 2004; Milligan and Fyfe 2005) or increasing competition between TSOs (Backman and Smith 2000; Taylor 2000; Taylor 2002; McKinney and Kahn 2004; Wilkinson 2004).

While the literature reviewed here points to a wide range of problems associated with the use of governmental funding, scholars who researched the way in which EU funding affected TSOs came to altogether more positive conclusions. Here EU funding was found to have aided collaborative processes between TSOs and public agencies as well as between TSOs themselves, thus reducing competition and creating synergies (Williamson, Scott et al. 2000; Williamson, Beattie et al. 2004). In addition, EU funding was found to enable TSOs to make a distinctive contribution towards the improvement of

community cohesion and the social and economic inclusion of marginalised communities (Armstrong and Wells 2006; Acheson and Williamson 2007).

It is also notable that the reviewed literature seems to perceive TSOs as having to respond to challenges arising from the use of public sector funding, at times suggesting that TSOs are passive recipients of governmental funding and ‘victims’ of the resulting organisational impacts the use of such funding precipitates. While this may sometimes be the case, most TSOs appear to be actively contributing towards changes in their institutional and funding environments, often investing heavily in their organisational capacity to improve their ability to draw down funding through governmental contracting regimes (Taylor, Craig et al. 2002; Brandsen and van Hout 2006). In doing so TSOs are not only responding to isomorphic pressures by trying to mimic dominant organisational structures and processes (Di Maggio and Powell 1991), they are also trying to find and defend their ‘niche’ in which their particular organisational form is able to flourish and survive (Galaskiewicz and Bielefeld 1998). Thus, many of the changes and impacts resulting from the use of public sector funding identified in the literature reviewed here can be considered to form part of a developmental process in which TSOs adapt to their changing institutional and social environments (Pfeffer and Salancik 1978). Whether such developmental processes are presented as benefits or challenges for TSOs appears to be a matter of the particular perspective scholars bring to their research.

A further reason for contrasting reports on organisational change in TSOs is likely to be the absence of a coherent theoretical framework for the study of TSOs. In any developing field of research one would expect a minimal agreement on some principal theoretical concepts and models, but as will be discussed in section 3.3 and 3.5 below, there are a number of contrasting and deeply contested perspectives about the nature and purposes of TSOs and little agreement on what TSOs are or how they could be defined. Economic organisational models are used alongside philanthropic models in the study of TSOs, and it is often unclear which one of these fundamentally different conceptual perspectives informed a particular study. Hence the findings from the literature reviewed here need to be treated with caution. This literature does not relate to, neither can it represent, a coherent body of knowledge about the interactions between funding and organisational change in TSOs. As the literature reviewed here shows, current knowledge on the impact of funding is sketchy, and can at best provide guidance for the development of new

theoretically grounded frameworks for the study of TSOs – frameworks capable of accommodating contrasting perspectives about the nature of TSOs as organisations which are distinctly different from public and private sector organisations.

However, overall it seems that the conceptual understanding of organisational impacts resulting from public sector funding is much further developed in relation to funding from governmental sources than in relation to EU funding. The sheer diversity of institutional contexts within which TSOs operate, together with the evolving nature of the EU, may have worked against the development of a substantive European literature on TSOs, but a number of scholars have already begun to develop new concepts to better understand and explore the emerging dynamics between TSOs and public agencies in the EU. These include new perspectives on the development of civil society (Osborne, Jenei et al. 2005; Jenei and Kuti 2008; Kiviniemi 2008), the co-production of public services (Pestoff 2006; Pestoff and Brandsen 2008) and the sectoral analysis of TSOs in Europe (Osborne 2008). The findings of this study should be seen in the context of this emerging literature and as a contribution towards improving our understanding of the organisational consequences which can result from the use of EU funding.

Chapter Three: Conceptual Framework

3.1 Introduction

As the review of the literature has shown, public sector funding can affect TSOs in many different ways. The literature review has further shown that research on issues related to European funding and TSOs is limited, and that the relationship between European funding and organisational change in TSOs is poorly understood. A number of perspectives and theories were therefore used in the development of a framework which is capable of supporting the exploration of organisational change which results from EU funding.

The first step in the development of the conceptual framework for this study was to establish how European funding is different from governmental funding. This was achieved by using the concept of multi-level governance. The second step consisted of a review of different approaches towards the conceptualisation of the third sector in an international context, and the development of a perspective on third sectors in Europe. Then, in a third step, a perspective on the interaction between TSOs, residents and public sector organisations was developed in which the interactions between TSOs, public sector organisations and residents are viewed as a process of 'co-production'. In a fourth step, TSOs were conceptualised as sharing fundamental organisational elements with public and private sector organisations, but as having a number of distinctive characteristics. Concepts about the fundamental elements of organisations were then drawn together with ideas about distinctive characteristics of TSOs in order to identify the specific aspects of organisational change on which this study is focused.

The analytical steps taken to develop this conceptual framework are presented in this chapter under the following headings:

- Multi-level governance and EU funding;
- The third sector in the European context;
- Third sector organisations and the co-production of public services;
- Generic and distinctive organisational features of TSOs, and
- Developing a focus for the exploration of organisational change in TSOs.

3.2 Multi-level Governance and European Union Funding

There are a number of different perspectives on the nature of the EU which can be divided into two broad positions: the intergovernmental perspective which regards the nation state as the primary actor in the EU, and the supranational perspective which conceives of the EU as an international organisation, or supranational state, aiming to govern the interactions between national governments (Rosamond 2000). Within these two broad schools of thought there are a range of theoretical approaches, including regime theory (Peters 2000) and governance theory (Adshead 2002a; Adshead 2002b), which attempt to explain the interplay between policy making by the institutions of the EU and nation state led policy.

One way of conceptualising policy processes that take place between European institutions and nation states, and which accommodates both of the above perspectives, is 'multi-level governance', a concept first introduced by Marks (1993) to characterise European regional and structural policy. Multi-level governance seeks to explain the EU not as a single regime but as a structure where authority is dispersed between local, regional, national and supranational actors (Bache 1998; Hooghe and Marks 2001). Such a perspective assumes that the policy process is complex and negotiated, but restrained by rules and structures which are controlled by political institutions (Sabatier 1999). The main European institutions involved in the policy process are the Council of Ministers, the European Parliament and the European Commission (For a detailed account of the purpose, work and processes associated with these institutions see: Westlake 1994; Westlake 1995; Hayes-Renshaw and Wallace 1997; Westlake 1997; Nugent 2000; Sherrington 2000).

George (2004) argues that conceiving of the EU as a network of actors who shape European policy at local, national and international levels emphasises the importance of collaboration between European, national and sub-national levels of government. In an analysis of earlier studies on the implementation of European regional policy, Bache (2004) suggests that the extent to which national governments and local actors embrace the concept of a shared multi-level policy process depends largely on the level of 'fit' between EU policy and local preferences within the nation state. This explains in part the

substantial variations in the composition, competencies and functioning of Local Development Partnerships (LDPs) which control the Structural Funds:

“In summary, the evidence suggested that where the EC/EU multi-level partnership model fitted well with domestic institutions and preferences, it gave a push to multi-level governance. However, where the model did not fit well with domestic institutions and preferences, the partnership principle had little impact....” (Bache 2004, p.168)

Although the multi-level governance literature suggests that the development of EU policy is a negotiated process through which European, national and sub-national agencies agree funding priorities, the actual utilisation of European funding is tightly regulated and governed by legally binding agreements between the institutions of the EU and the EU member states. The relevant guidelines and procedures governing the European Structural Funds show that stringent contractual, accounting and auditing requirements control the use of these funds, and that these controls are applied consistently by the European Commission across the member states of the EU (Commission of the European Communities 2004; Commission of the European Communities 2006d; Commission of the European Communities 2006e). Thus national and local government cannot influence the funding conditions and general purposes for which EU funding is made available. This is in contrast with their substantial powers to stipulate how funding that is raised through taxation is used (Stoker 2000; Rhodes 2001; Skelcher, Mathur et al. 2005). It is this aspect of European funding that makes it different from governmental funding. EU funding, such as the Structural Funds, is allocated to each member state eligible to receive such funding according to the same rules and regulations. Moreover, the agreements governing European funding are binding on the nation state and are not tied to the government in power, thus making changes to rules governing EU funding very difficult:

“Agreements reached in the European Union are legally binding on the member states, and remain binding even if there is a change of the political party or coalition of parties in government. The rules for amending EU legislation are such that it is difficult for a new government to reverse what its predecessor accepted.” (George 2004, p.114)

Although the allocation and use of European funding is controlled through legally binding agreements, which are applied consistently across the European member states, the composition, competencies and functioning of LDPs through which approved EU funded

programmes are delivered is largely determined by European member states. EU policy referred to in Chapter One, and earlier research identified in the review of the literature in Chapter Two show that governmental agencies at national and local levels, together with the LDPs which are responsible for delivery at the local levels, have significant control over the way in which legally binding frameworks are adapted to local circumstances. This includes, for example, control over how to involve TSOs and local communities in decision making and the delivery of programmes (see for example: Chapman 2005; Armstrong and Wells 2006; Acheson and Williamson 2007).

Evidence arising from the analysis of multi-level governance processes further shows that local governmental agencies can have significant influence over the way in which EU resources are utilised. This includes using their discretion to adapt the delivery of EU programmes to local circumstances in order to circumvent national governments and to pursue local priorities (Bache 1998; Jeffery 2000; Sutcliffe 2000; Bache and Flinders 2004a). In some cases local governmental agencies have been found to abuse their discretion by using EU funding not for its officially intended purposes, but to continue existing initiatives which have a high local priority (Kutsal and Blom-Hansen 2007). Hence local governmental organisations need to be seen as key actors which shape the way in which EU funding is utilised:

“The new structural fund regulations confirm the importance attached to the promotion of economic and social cohesion. Since local authorities have a leading role in developing public sector infrastructure and the integration of economic and community development, they will continue to seek to influence the content and implementation of structural measures.” (Pearce, 2001, p.15)

Thus, for the purposes of this study, EU funding was conceptualised as funding that is approved by the European Commission, and is subject to monitoring, certification and auditing processes which are controlled by the European Commission, down to individual projects. These control processes were seen to involve national, regional and local actors who, as the concept of multi-level governance suggests, aim to influence decisions on what is being funded and how funded services are to be provided. While EU member states and local governmental agencies were assumed to want to shape the management and implementation of EU funded programmes to achieve the best fit with the local priorities and preferences, the conditions on which EU funding is made available were

expected to be applied consistently across the member states, and as being largely non-negotiable. EU funding was, therefore, seen as being different from governmental funding and considered to be subject to a consistent allocation, monitoring and verification process which is ultimately controlled by the European Commission. But, at the same time, the rules that govern the Structural Funds confer significant control over how the European funding is used by local public sector organisations and LDPs. Given that local and national government structures and processes vary from country to country, and even within countries, it was therefore assumed that the arrangements on how EU funding is used locally would differ:

“Structural programming ... involves sub-national actors as well as national governments and the Commission, and it varies enormously from country to country.”

(Hooghe and Marks 2001, p.99)

3.3 The Third Sector in the European Context

As noted in Chapter One, there are many approaches towards defining third sectors in international contexts, but none so far has become commonly accepted. The most widely known approach towards conceptualising third sectors from a cross-national perspective is the ‘structural operational definition’ developed by the Johns Hopkins Comparative Project (Salamon and Anheier 1997). In this definition, the third sector is conceptualised as consisting of organisations that are institutionally separate from government, non-profit distributing and self-governing, and which have a meaningful degree of voluntary participation in the provision of their services (ibid. p.33-34). This approach also uses a comprehensive set of criteria about services provided by TSOs and the financial and legal status of TSOs to classify them into different types of service providing organisations.

Evers and Laville (2004a) have attempted to develop a definition specifically for a European third sector. Their definition builds on the approach of the Johns Hopkins project developed by Salamon and Anheier (1997), but draws a distinction between third sectors in Europe and other global regions on the grounds that co-operatives play a central and dominant role in Europe as compared with other regions in the world. Evers and Laville go on to suggest that due to its specific historical roots the European third sector consists primarily of TSOs which are social enterprises.

The argument that most TSOs are enterprises which combine social and economic objectives is given weight by the increasing provision of public services through quasi-markets in a 'mixed economy of welfare' (Paton 1992; Pestoff 1998; Evers 2001; Nyssens 2006). Some European authors go as far as to claim that the work of social enterprises is at the core of public service delivery:

"The importance of the third sector ... is now such that it is broadly associated with the major economic roles of public authorities. The third sector is involved in the allocation of resources through the production of quasi-public goods and services. It has a redistributive role through the provision of ... services to deprived people via the voluntary contributions which many associations can mobilise. This sector is also involved in the regulation of economic life when, for example, associations or social co-operatives are the partners of public authorities in the task of helping back into work poorly qualified people and unemployed people..."(Borzaga and Defourny 2001, p.1)

Other third sector scholars, in contrast, place specific emphasis on the particular features and purposes of TSOs which are considered to make TSOs distinct from market and government bureaucracies, while rejecting concepts of the market, contracted services and bureaucratic structures as defining features of the third sector. For example, Jon Van Til (2000) subjects the 'structural operational definition' to critical analysis and argues that much of what it portrays as belonging to the third sector has become very similar to government or business organisations, and should therefore not be considered to be part of the third sector:

"A third space of vital and productive action could thus replace a statistical nonprofit sector, which at present includes many organisations only incidentally connected to the advancement of human welfare. ... Would it not make better sense, in terms of both research and law, to allow those among them who begin with a third-sector mission, but have then become essentially commercial or governmental, to be shown to a decent but firm exit from the sector?" (Van Til 2000, p.202)

A similar perspective is held by Lohman (1989; 1992), who argues that attempts to describe and explain the third sector need to move away from concepts associated with government or market failure theories, which are rooted in economic theories (see for example Hansmann 1987; Weisbrod 1988). The application of such concepts creates

negativity about the nature of the work done by voluntary organisations, and is the reason why “*nonprofit action has increasingly been misclassified as a very deficient form of productive enterprise.*” (Lohmann, 1989, p.369).

A different perspective is offered by Billis (1989), who developed his theory of the third sector on the premise that TSOs have organisational characteristics which overlap with characteristics of organisations in the public and private sector, but to different degrees and according to a range of variables, including organisational purpose and aims. Billis observed that many TSOs operate in ways that are similar to organisations in the commercial and public sectors. These overlaps in organisational features were conceptualised as ‘ambiguous zones’ between the third sector and other sectors of society, and identified as sources of tensions and challenges that TSOs have to deal with (Billis 1993a, p.158ff.).

There are, then, a number of contrasting perspectives about the ‘third sector’ in the context of Europe, and little agreement about what the third sector might be. For the purposes of this thesis it was assumed that third sectors have different features in different European countries. Such an assumption was supported by the Johns Hopkins Comparative Nonprofit Sector Project (Salamon and Anheier 1997) which found that third sectors differ widely with respect to a range of variables, including service provision, innovation, advocacy, community development and volunteering (Salamon, Hems et al. 2000; Salamon and Sokolowski 2001). The argument that third sectors and the organisations they consist of are embedded in the social, political and economic structures within which they operate (Salamon and Anheier 1998; Salamon, Sokolowski et al. 2000) is, to some extent, stating the obvious. However, there are also variations in third sector characteristics *within* nation states. In the case of the UK, for example, there are significant differences in the ‘embeddedness’ and ‘social origins’ of the third sector(s) when one compares the account of the Johns Hopkins Project about the nature of the third sector in England (Kendall and Knapp 1996) with that of Acheson et al. (2004) on the third sector in Northern Ireland. A similar argument can be made for the Federal Republic of Germany, where the Johns Hopkins study had to take account of the different social, political and economic structures which shaped the third sectors in East and West Germany (Anheier and Seibel 2001; Zimmer 2001).

The theoretical perspective adopted for this study, therefore, assumes that the characteristics of third sectors differ, at least in some respects, between the member states of the EU, and that TSOs themselves reflect their national and cultural contexts. In addition, third sectors were expected to differ *within* nation states. Consequently, it was expected that *local* relationships between TSOs and agencies responsible for distributing European funding would differ between member states, although the funding conditions attached to EU funding were considered to be applied consistently amongst the member states. Such a perspective was supported by empirical research, which showed that the arrangements made in different European member states to implement EU funded programmes vary significantly. In drawing together their research on partnerships delivering EU funded programmes in seven European member states, Geddes and LeGales state:

“What conclusions can we draw from a review of the trends in each of the member states of the EU? One is that of national specificity. The picture that emerges when we are able to survey national experience right across the EU is clearly one of great and continuing diversity.” (Geddes and LeGales 2001b, p.226)

3.4 Third Sector Organisations and the Co-production of Public Services

There is a growing number of scholars who argue that the reforms of the welfare states in Europe have resulted in TSOs becoming more similar to private or public sector organisations. Evers and Laville (2004c), for example, argue that changes in European welfare, commercial markets and civil society require TSOs to combine multiple purposes and roles. These processes support the creation of social enterprises and then lead beyond these organisational forms, creating ‘hybrid’ organisations with blurred institutional boundaries. These processes are considered to have reached a point where the concept of third, public and private sectors no longer helps in describing or identifying TSOs as distinctive organisational forms (Evers 2005).

A similar proposition is made by Brandsen et al. (2005), who argue that TSOs are organisational ‘hybrids’, which combine elements of public, private and community organisations within them, but do not belong to any of these sectors. This argument is then extended by Brandsen and Pestoff (2008) to include public sector agencies, which

are considered to be also subject to the erosion of their defining institutional characteristics and increasingly drawn into a co-producing relationship with TSOs and citizens to provide public services:

“As a result of contracting out, privatization and performance measurement, the traditional boundaries between market, state and third sector have been breaking down, leading to the emergence of a class of organizational hybrids. In concrete terms, it means that the third sector organizations have taken on more characteristics of state organizations (e.g. in terms of formalization) and of market organizations (e.g. in terms of maximising their income, but without maximising their profit). Although no organization can be regarded as ‘pure’, many organizations now reach the point where the ideal types of state, market or third sector no longer help us truly to understand them.” (Brandsen and Pestoff 2008, p.2, parenthesis in original)

Theoretical perspectives on the blurring of organisational boundaries amongst TSOs are not new, however. As discussed in 3.3 above, Billis’s theory of the third sector is based on the idea of blurred institutional boundaries and the challenges and tensions arising for TSOs from the resulting ambiguities (Billis 1993a). Another widely used theoretical perspective concerned with the erosion of distinctive organisational features is that of ‘institutional isomorphism’ (Di Maggio and Powell 1983; Di Maggio and Powell 1991). Di Maggio and Powell conceptualised organisational change as resulting from external coercive as well as internal mimetic and normative forces. Once organisations are structured into an organisational field by competition, state regulation or professions, these forces shape organisations so that they resemble other organisations facing similar environmental conditions.

The concept of co-production put forward by Pestoff and Brandsen (2008) offers a useful and fresh perspective on these issues. Co-production conceptualises the provision of public services as a process which brings TSOs, citizens and public sector organisations together to jointly create services. The idea of co-production encourages the exploration of the interactions between public and third sector agencies in ways which transcend organisational or sectoral boundaries, providing a sharp focus on collaborative processes rather than institutional structures (Pestoff 2006). Such a perspective supports the exploration of processes in different national and local contexts in which different arrangements have been made to structure and control the delivery of EU funded services.

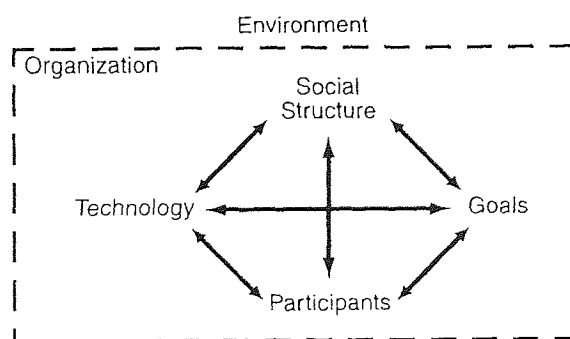
Thus the concept of co-production was used to create a focus on the processes which occur *between* actors in TSOs which receive EU funding and public sector actors who control EU funding, rather than the wider partnership and institutional structures.

3.5 Generic and Distinctive Organisational Features of TSOs

The argument that TSOs, as well as organisations in the public and private sector, are progressively less reflective of the ‘ideal type’ of their organisational form (Brandsen and Pestoff 2008) may be helpful in developing a perspective on sectoral change in a European context (Bode 2006; Brandsen and van Hout 2006). However, such general perspectives have limited value in studying organisational change because they run the risk of oversimplifying a complex reality.

Research concerned with organisational change requires a more detailed concept of the organisational elements and features that are to be studied, but the body of literature on organisation theory is extensive, and the range of approaches that can be used to study organisations cannot be explored here in any detail (for an overview of the topic see Shafritz 2001). The approach taken in this study is based on a comprehensive analysis of organisational theory by Scott (2003), who argues that all organisations share four basic characteristics: they have a social structure; they have participants; they pursue goals and they employ skills, processes and technology to get their work done. In addition, Scott argues that organisations are influenced by their environment and in turn influence the environment they operate in. This is expressed in Figure 3.1 below which was developed by Scott (2003).

Figure 3.1: A Model of Organisations



(from: Scott, 2003, p.18)

Scott argues that the four organisational elements are an essential part of all organisations, and that they need to be considered together, because when they are considered separately it is not possible to develop a coherent understanding of an organisation:

“Each of these organizational elements – social structure, participants, goals, technology, environment – represents an important component of all organisations. Indeed, each element has been regarded as of surpassing importance by one or another analyst of organizations. However, the chief value of Leavitt’s model is a graphic reminder that no one element is so dominant as to be safely considered in isolation from the others. Organizations are, first and foremost, systems of elements, each of which affects and is affected by the others.” (Scott, 2003, p.24)

As discussed under 3.3 above, there is a wide range of deeply contested and value laden perspectives about the nature of the third sector and, consequently, the nature of third sector organisations. Hence there is no coherent organisational theory which would be rooted in and specific to the study of the third sector and its organisations. To overcome this conceptual challenge this study draws on a theory of TSOs which is based on the principles of bureaucratic theory and in which TSOs are broadly conceptualised as rule bound and hierarchically structured (Billis 1993a). What made Billis’ theory valuable for the exploration of organisational change in TSOs in this study was its premise that TSOs have a range of organisational features which, in their combination, mark TSOs out as distinct from other bureaucratic organisations in the public or private sector.

Originally Billis included membership, mission, informality and democracy as distinctive features, but over time third sector research has extended the range of organisational features which are considered distinctive to TSOs. These features currently include:

- *Ambiguity in status and organisational roles* of actors results in complex management challenges and blurred organisational boundaries (Billis 1993a, chapter 11).
- *Organisational history and roots* are a dominant influence over how TSOs set priorities, organise their work, govern their affairs and develop organisational cultures that may persist long after the founding members have gone (Billis 1991; Billis 1993a, chapter 12).

- *Multiple stakeholders* amongst supporters, funders, users and beneficiaries create conflicting requirements and expectations as well as problems of accountability, which require a complex process of balancing values, resources and needs (Leat 1996).
- *Governance systems* reflect organisational roots, values and purpose. Governing bodies can be involved in doing work in the organisation and are frequently amongst the founding members (Harris 1996; Harris 2001b).
- *Volunteers* are important stakeholders, both as providers and as users of services and affect the culture and values that are upheld by the organisation (Davis Smith 1996; Scott, Alcock et al. 2000)
- *Multiple funding sources* and ways to obtain funding require complex organisational processes and a range of different skills around securing donations, grant aid or contracts (Lewis 1996; Harris 1998b; Scott 2001).

While in isolation the above features are not unique to TSOs; it is the combination of them that is seen to be distinctive to TSOs, and not replicated in government or commercial organisations (Harris 1998a). These organisational features therefore have been chosen to form part of the conceptual tools used here to explore and explain the benefits and challenges associated with the use of EU funding.

3.6 Conceptual Perspectives for the Exploration of Organisational Change in Third Sector Organisations

The conceptual perspectives which guided this study draw on the universal characteristics of organisations as defined by Scott (2003) and the distinctive organisational features attributable to TSOs as developed by Billis (1991; 1993a), Harris (1996; 1998a; 1998b) and other scholars referred to in 3.5 above. These two different theoretical strands of organisational theory lent themselves to be combined because the distinctive organisational features of TSOs identified by third sector scholars provide specific explanatory concepts which fill out the broad conceptual framework of organisations developed by Scott (2003). Furthermore, by drawing these two strands of organisational theory together a focused perspective organisational change in TSOs could be developed. Consequently, this study focused on change in any of the following organisational elements and their distinctive third sector characteristics:

Organisational participants

TSOs have a multiplicity of stakeholders (Leat 1996), which include members of the communities TSOs serve and who support the organisation on a voluntary basis (Hedley and David Smith 1992; Pearce 1993). There are different definitions of the term 'volunteer'; the one adopted here is that of David Horton Smith (Horton Smith 2000), which defines a volunteer "as a person who does a significant amount of voluntary action in a defined time period" (ibid. p.24). Such a definition includes members of the governing body who play an important role in defining and developing organisations' values, ethos and purpose (Harris 2001b). *Consequently, this study paid particular attention to the way in which URBAN II funding affects the number and composition of paid staff and volunteers working for the TSO.*

Organisational structure and roles

Billis' theory of TSOs suggests that ambiguity in the status and role of organisational participants is a key characteristic of TSOs. This can express itself, for example, by overlap in the roles of employer, manager, employee, volunteer or user (Billis and Glennerster 1998). Leat (1996) further suggests that the multiplicity of stakeholders amongst supporters, funders, users and beneficiaries can create complex and at times conflicting requirements. As the review of the literature has shown, such changes might express themselves in the formalisation of roles, and in a change in the ethos and perceived values the organisation stands for. *This study therefore focused on changes in the roles, values, beliefs and behaviour amongst the organisational participants that might occur as a result of using URBAN II funding.*

Organisational systems and resources

TSOs can be expected to deploy a wide range of skills, systems and resources to get their work done. The elements that are most relevant to the research question are the systems used to administer and utilise URBAN II funding, the people involved in using these systems, and the people delivering the services. Hence, 'technology' in the context of this study means administrative systems, staff and volunteers of TSOs. *This study therefore focused on the exploration of changes resulting from URBAN II funding in relation to roles fulfilled by staff and volunteers, the development of new skills or services, and the introduction or development of administrative systems.*

Organisational governance and goals

The goals of TSOs are considered to be inextricably linked to their history and roots, which in turn are linked to their founders and supporters (Billis 1991; Billis 1993a, p. 172 ff.). One of the main responsibilities of governing bodies of TSOs is to set organisational goals and ensure that the organisation fulfils its purpose while, at the same time, responding to a changing operational environment and the interests and needs of its organisational participants (Harris 1993; Harris 1996). As the review of the literature shows, changes in funding arrangements can affect governing bodies in a wide range of ways, and can also lead to changes in organisational goals (Harris 1996; Harris 2001b). *This study therefore aimed to ascertain whether and to what extent URBAN II funding might have contributed to changes in the composition of the governing body and changes in organisational goals.*

External Environment

As the environment is a pervasive influence on TSOs, there is a wide range of perspectives through which the impact of funding could be explored. Examples of such perspectives include an approach focused on social policy (Harris and Rochester 2001), regeneration and partnership (Balloch and Taylor 2001), civil society (Van Til 2000; Zimmer and Nährlich 2000), or a managerial perspective (Anheier 2005). Some or all of these perspectives are likely to be useful in explaining the findings of this study, but the principal conceptual approach adopted here is based on a resource dependency perspective.

The reasons why TSOs and public sector organisations continue to engage in funding relationships, despite the growing awareness of the problems this might create, can be explained with resource dependence theory (Pfeffer and Salancik 1978). One of the key arguments made in resource dependence theory, and one that is directly relevant to this study, is that organisations employ a range of tactics to alter the constraints imposed by their institutional context, in order to maintain discretion and freedom over their activities, while adapting their organisation in ways that maximise opportunity to secure resources. However, this is not a one sided process. Gazley and Brudney (2007) show that the principal reason why public sector organisations and TSOs enter into service delivery relationships is that each side has something the other wants. With regard to funding

relationships, the assumption made here is that LDPs transfer EU funding to TSOs because they can provide services which public sector organisations cannot themselves provide or do not wish to provide. TSOs, on the other hand enter into such relationships because they need the funding to do the work they chose to do. *This study therefore focused on how URBAN II funding affected the interactions between LDPs, public agencies and TSOs in the development and implementation of URBAN II funded interventions.*

3.6 Summary of Conceptual Perspectives Guiding this Study

In this chapter I have argued that EU funding is different from funding provided by national governments because the terms and conditions which govern the use of EU funding are specific to EU programmes and applied consistently across all EU member states. However, within those EU terms and conditions, national governments and local governmental agencies are seen to have some discretion in determining the structures, processes and competencies of the LDPs delivering EU funded programmes. The LDPs, in their turn, also have some discretion in designing the implementation of EU funded programmes in ways which reflect local circumstances. It was the purpose of this study to explore the impact of EU funding which is distributed through these ‘layers of discretion’, and to explore these organisational impacts in contrasting local and national contexts.

The exploration of organisational impacts resulting from the use of URBAN II funding took account of the institutional context within which TSOs obtain and use the funding. Structures and processes associated with such institutional context were therefore not explored in detail, but the focus was instead be on the interactions between actors controlling URBAN II funding and TSOs using URBAN II funding.

This study explored organisational change occurring within TSOs by conceptualising it as alterations in the composition of a TSO’s participants, and changes in relation to their roles and behaviours; alterations in services provided and the systems and structures used. Further changes that were explored include alterations in organisational governance, goals and relationships with the external environment. Organisational change was not considered to be neutral, however, and was perceived here as creating either organisational benefits or challenges. The exploration of such benefits or challenges paid

particular attention to the organisational features which make TSOs distinctively different from private or public sector organisations.

Chapter Four: Methodology

4.1 Introduction

This chapter begins with the philosophical perspective on which the methodological approach to this study is based. This is followed by a description of how the chosen methodological approach was applied in the design of research instruments, sampling and fieldwork. Following a description of how the collected data was coded and analysed, this chapter concludes with reflections on the limitations of the study design and the challenges that were encountered in its implementation. Actions which, with hindsight, were helpful in undertaking this study are also identified.

4.2 Study Design

The aim of this thesis was to explore whether EU funding brings about organisational changes in TSOs, and if so what those changes are. The review of the literature and the conceptual framework for this study suggested that organisational challenges and benefits arising from European Union funding are likely to be complex and may affect different TSOs in different ways in different social and institutional contexts. Hence capturing the perceptions of people who work in TSOs which use EU funding was the most promising methodological approach towards exploring how EU funding might affected TSOs.

Such an approach raised a number of philosophical and methodological issues that needed to be considered in the research design. These included:

- Philosophical orientation of this study;
- Research strategy;
- Research methods ;
- Ethical considerations; and
- Reflexivity.

4.2.1 Philosophical Orientation

The approaches chosen to the study of natural and social phenomena reflect the philosophical perspectives held by researchers about the nature of the world, in particular whether it is the product of one's own consciousness or an independent external reality.

Associated with such fundamental ontological perspectives are questions of epistemology and methodology, which are about how one can understand the social world and how such knowledge can be communicated. In designing social research a fit needs to be achieved between one's own ontological assumptions and epistemological preferences, and the requirements arising from the questions that the study needs to answer. These issues are discussed in this section under the following headings:

- Ontological position adopted;
- Epistemological approach chosen;
- Methodological implications; and
- Research paradigm for this thesis.

Ontological Position Adopted

The exploration of the way in which European Union funding might affect TSOs could be approached in two different ways. One way would be to assume that social phenomena, such as TSOs, are objective entities which have an existence independent of social actors; the other would be to see TSOs as social phenomena that are constructed and understood through the interactions of individuals, and that this interaction creates a dynamic which constantly changes the social world and the subject's perception of it.

The first position describes an objectivist or realist approach towards understanding the nature of social entities, while the second position presents a relativist or constructionist stance (Popper 1972). Objectivism claims that there is an external reality which exists independently of people's beliefs or their understanding of that reality, while constructivism asserts that reality is only knowable through the mind and socially constructed meanings (Berger and Luckmann 1967). These do not have to be seen as opposing positions, however. Indeed, some authors argue that it is no longer possible to present a realist approach as being the opposite of a constructivist approach in the social sciences because the claim that there is an objective knowledge of the social world can no longer be upheld (Delanty 1997).

The approach taken in this study reflects the constructivist stance of Hammersley (1992) and Delanty (1997), who argue that the social world does not exist independently of an individual's subjective understanding, and that the researcher can explore the social world

only via the interpretations of the research participant. This position emphasises the importance of the research participant's own interpretations, and values a diversity of perspectives on an external social reality (Lincoln and Guba 1985). Further, the ontological position adopted for this thesis is located within the framework of structuration theory developed by Giddens (1984), in which the interplay of 'agency' (the individual) and 'structure' (the external social reality) produce and reproduce social practices, systems and institutions (see also Cohen 1989). In line with the conceptual framework for this study (see Chapter Three), the people working for TSOs can be considered to be 'agents' who are interacting with URBAN II programmes, which represent the 'structure'. TSOs were thus conceptualised as interacting in many ways with their social and institutional environment through the URBAN II programme in which they were participating, and as shaping, as well as being shaped by, the institutional structures within which they operate.

Epistemological Approach Chosen

Epistemology is concerned with the question of how we can find out about the world and what constitutes acceptable knowledge. One of the key epistemological debates is whether social phenomena should be studied according to the principles that govern the natural sciences, a position known as 'positivism', or whether a different logic is required to *understand* the interplay between humans and their social environment, known as interpretivism. Positivist epistemologies tend to be associated with an objectivist ontology and interpretivist epistemologies with a constructivist ontology (Bryman 2001, p.11ff).

My constructivist ontological position lead me to take an epistemological approach towards this study which is rooted in the 'Verstehen' approach to social sciences (Giddens 1972; Weber 1991). In this approach, understanding of human action is concerned with the reasons people give for their actions, and the philosophical tradition which deals with the question of how individuals make sense of the world around them is called phenomenology (Schutz 1962). Associated with phenomenology is hermeneutics, a term which describes a theory as well as a method of interpreting human action (Schwandt 1994). In this study I adopt a hermeneutic epistemology in order to explore and understand the social world through the research participant's perspectives. However, such an approach requires that the researcher acknowledges that his/her own perspective plays a role in the process of interpretation; a perspective which is known as the

interpretive interactionist approach to social sciences (Denzin 1989). Thus, my epistemological stance is based on the assumption that *'the researcher is providing interpretations of others' interpretations of reality'* (Bryman 2001, p.15).

Such an approach utilises both the participant's and the researcher's understanding of the phenomena that are being explored (McAuley 2004, p.201). This, however, poses problems because, if the perceptions of the researcher cannot be separated from those of the research participant, it is difficult to demonstrate the validity and reliability of research findings. This is one of the reasons why some scholars argue that all social knowledge is indeterminate:

"Indeterminacy is the epistemological condition of science in an age of uncertainty."(Delanty 1997, p.141).

However, indeterminacy does not mean that valid and reliable knowledge about the social world cannot be developed. It is argued here that through careful research design and by being transparent about epistemological assumptions, valid and reliable findings can be generated through the interpretivist epistemology which underpins this study:

"Even if interpretation is unavoidably indeterminate, it follows only that there is no unique best interpretation, not that there is no way to distinguish better from worse interpretations. "

(Bohman 1991, p.10)

Methodological Implications

Given the constructivist ontology and interpretivist epistemological positions adopted for this study, the methodological approach is located in the tradition of qualitative research. Such an approach emphasises that social reality is interpreted by individuals and aims to explore the different meanings of this reality (Lincoln and Guba 1985). The fundamental methodological issue for qualitative approaches to social research is that these approaches are inductive, and thus tend to generate theory through exploration, rather than deductively testing existing theory (Hammersley 1992). As there is little already known about my research question - as demonstrated in the review of the exiting literature - an inductive methodology seems most appropriate for this study.

Glaser and Strauss (1967) proposed that theory in qualitative research could be generated from research grounded in data. This is an inductive approach which supports the interpretivist position adopted for this study (Guba and Lincoln 1994; Schwandt 1994). Within the grounded theory method a range of approaches have been developed in qualitative research (for an overview and discussion on the topic see: Charmaz 2000; Clarke 2005). The methodological approach chosen for this study adheres to the principles of grounded theory set out by Charmaz (2006), which are based on the notion that the researcher is not independent from the data collection and analysis process, but rather contributes to and shapes the findings that emerge from the data:

*“In their classic grounded theory works Glaser and Strauss talk about discovering theory as emerging from data separate from the scientific observer. Unlike their position, I assume that neither data nor theories are discovered. Rather, we are part of the world we study and the data we collect. We **construct** our grounded theories through our past and present involvements and interactions with people, perspectives, and research practices.”* (Charmaz 2006, p.10, emphasis in the original)

The Research Paradigm of this Thesis

A paradigm is defined as a basic belief system or view of the world that guides the researcher, influencing the way research is designed and findings are produced (Kuhn 1970). Bryman (1988) defines a paradigm as *“a cluster of beliefs and dictats which for scientists in a particular discipline influence what should be studied, how research should be done and how results should be interpreted.”* (ibid., p.4).

Paradigms tend to be viewed as incommensurate and are associated with particular ontological and epistemological orientations (Burrell and Morgan 1979, p.21 ff.). Guba and Lincoln (1994) developed a typology of social research approaches in which research paradigms are linked to particular research methodologies (ibid., p.109ff.). Drawing on the typology developed by Guba and Lincoln, the research paradigm which guides this study can be described as consisting of:

- A constructivist ontology where realities are considered to be multiple and constructed by social actors. Such constructions are not more or less ‘true’ but simply more or less informed or sophisticated.

- A transactional and interpretivist epistemology where research findings are interactively created between the researcher and the research participant; and
- A hermeneutical methodology which explores social constructions through interaction, and compares and contrasts such constructions to generate higher level abstractions.

4.2.2 Research Strategy

The research paradigm set out above points to a qualitative research strategy through which data is collected and analysed. There is wide range of qualitative research strategies to chose from (Denzin and Lincoln 1994, part III;), and it is argued here that case study as a research strategy is particularly well suited to my research topic for a number of reasons: Firstly, case study is a common strategy used in organisational research (Bryman 1989; Gummesson 1991; Hartley 1994; Scott 2003); and secondly, exploratory research questions, and a focus on contemporary events which need to be understood in their contexts, are well suited to case study as a research strategy (Yin 1994, p.4ff.). Furthermore, as there is a lack of established concepts and theory on my research topic, a research strategy was required that allowed for the exploration of problems, processes and relationships; all of these requirements could be accommodated in a case study approach (Stake 2005).

There are a number of qualitative approaches to undertaking case study research. Stake (1994) identifies three types of case study, reflecting different interests of the researcher:

- Intrinsic case study – the examination of a case which is of interest in itself, rather than because it illustrates a particular problem or trait;
- Instrumental case study – the examination of a particular issue to provide deeper insights into particular problems or to refine theory. The case as such is considered to be of secondary interest; it plays a supporting role in facilitating the development of our understanding of the issue or problem the researcher is interested in; and
- Collective case study – the study of a population, general condition or phenomenon. It is an instrumental case study extended to a larger number of cases. (ibid. p.237)

The collective case study approach was best suited to explore my research questions, because the aim here was to develop a deeper understanding of a particular issue, namely the impact of EU funding on TSOs. As is discussed in section 4.3.1 below, I chose nine TSOs as case study organisations from three different URBAN II sites to study the impact of EU funding. The study design was therefore based on nine separate cases which were bounded by an overall research question concerned with the impact of URBAN II funding on TSOs.

Implicit in choosing a research strategy based on more than one case is the assumption that the comparison of data will enhance the validity and reliability of research findings, and also allow for some generalisation of the findings which supports the development of theory (Glaser and Strauss 1967; Etzioni and Dubow 1970). As this study was about organisational change in TSOs, the comparison of organisational impacts across different TSOs and different local and national contexts was expected to increase the validity of the research findings. However, while the replication of findings across a range of cases can help in developing generalisations, the strength of qualitative case study research is its capacity to provide illustrations of the diversity of perspectives rather than to generate representative findings:

“It may be useful to try to select cases which are typical or representative of other cases, but a sample of one or a sample of just a few is unlikely to be a strong representation of others. ... A collective case study may be designed with more concern for representation but, again, the representation of a small sample is difficult to defend.” (Stake 1995, p.4-5)

While a larger number of case study TSOs can be expected to generate diverse and contrasting data, these comparisons must be carefully planned and designed to ensure that the same issues and phenomena are compared (Yin 1994, p. 18ff.). This is particularly important in cross-national research, where the cases tend to be located in very different social, economic and cultural contexts (Pole and Burgess 2000; Marmor, Freeman et al. 2005). These methodological issues are now discussed below.

4.2.3 Research Methods

One of the strengths of case study research is that a variety of methods can be used to reflect the particular circumstances and nature of the inquiry, which in turn can generate a multiplicity of perspectives on the issue under investigation (Denscombe 1998). Lewis

(2003) argues that choosing contrasting contexts is important when comparison of cases is intended (ibid. p.50-52), but that multiple perspectives may also be generated through multiple data collection methods, or may come from multiple accounts offered by research participants, or both. To ensure that multiple perspectives were captured through the data collection process a number of strategic choices were made in relation to:

- Sampling,
- Collection of data, and
- Data analysis.

Sampling

Sampling in qualitative research is about making informed and justifiable decisions about the subsets of a given potential study population that are selected for investigation. Qualitative research therefore tends to use purposive sampling strategies which are based on defined selection criteria (Ritchie, Lewis et al. 2003). In a purposive sample, the units making up the sample are a subset of the total potential study population. They are chosen because they are thought to have particular features or characteristics that are expected to support the exploration of the questions the study is concerned with (Robson 1993, p.135-144).

There is a wide range of purposive sampling strategies to choose from. Patton (2002), for example, identifies 16 such sampling strategies ranging from extreme or deviant case sampling to convenience sampling (p.230-246). The strategy most appropriate for this study was considered to be ‘stratified purposive sampling’, because such a sampling strategy can focus on a specific issue while a number of contrasting cases can be included in the sample. Stratified purposive sampling allows for the selection of a group of cases which share similar features, but which may show variations in relation to the issue under investigation, so that comparisons between subgroups can be made:

“Stratified samples are samples within samples.” (sPatton 2002, p.240).

The stratified purposive sample for this study needed to be developed in two stages. The first stage included the identification of URBAN II sites from which case study organisations would be drawn; the second stage involved the selection of TSO case study organisations within the chosen URBAN II sites. In accordance with the conceptual framework set out in Chapter Three, URBAN II sites were chosen which were located in

different countries because cross-national comparisons were expected to generate contrasting findings. In addition, cross-national comparisons were also expected to help in the development of explanations as to why initiatives may have particular impacts in one country and not in another (Hantrais and Mangen 1996, p.3; Marmor, Freeman et al. 2005, p.339). The selection of case study TSOs was based on the principle that the chosen TSOs should as far as possible reflect the diversity of the characteristics of the potential sample population within an URBAN II site.

Collection of Data

The approach to data collection was based on the assumption that the most significant sources of information to explore the research question are the people who work in TSOs. In order to gather a diverse range of perspectives, the sample of organisational participants included representatives from all organisational levels, such as:

- Members of the governing body;
- The most senior officer of the organisation;
- Workers directly responsible for the URBAN II funded project; and
- Front line staff or volunteers providing services.

Given that case study as a research strategy emphasises the importance of the context within which the chosen phenomenon is studied, sources of data which originated from organisations other than case study TSOs were included. The most relevant and accessible sources of contextual data were programme documents, but to obtain deeper insights into the processes through which LDPs allocated URBAN II funding to TSOs and through which delivery was controlled, informants working for agencies responsible for the development and delivery of URBAN II programmes needed to be included in the sample. Informants with direct responsibility for the design and delivery of the URBAN II principally included:

- The Programme Manager, and
- Officers from the accountable body for the local URBAN II funding.

The philosophical orientation of this study required that the researcher maintain an open and flexible approach in order to capture the range of perspectives research participants might hold on the issues under consideration. At the same time it was necessary to collect

data in a structured way to ensure that information on the key issues was collected systematically. Qualitative interviews seemed to be appropriate for this purpose.

Qualitative interviews are widely used to capture the perspectives of study participants in a systematic way, and the type of qualitative interview best suited to achieve the required balance between openness and structure is the semi-structured interview. Such interviews are based on pre-formulated questions which act as a topic guide for the interview. The topics broadly identify the data that need to be collected to answer the research questions, and can contain prompts and probes to explore particular issues in more depth. In contrast with structured qualitative interviews, the interviewer has more flexibility in semi-structured interviews. For example the sequence of questions can be changed to accommodate the flow of the conversation, and prompts or probes can be used to explore particularly interesting issues as they arise in the conversation. Such an approach also helps to ensure that perspectives of research participants which were not anticipated at the design stage are captured, thus helping to avoid potentially important issues being excluded inadvertently through the research design (Bryman 2001, p.312 ff.; King 2004).

To ensure the accurate and complete collection of data, all interviews were recorded either on a tape or digital recorder and, in addition, notes were taken during each interview to help ensure that the breadth and detail of key issues and perspectives were captured. Having a recording of the discussion was expected to ease the pressure resulting from having to conduct the interview while simultaneously writing down the exact wording used by the study participant. In addition, the interview transcription provided a complete record of both the questions that were asked by the interviewer and the responses provided by the interviewee, thus aiding reflective research practice (Robson 1993, p.231 ff.).

Data Analysis

As discussed earlier, grounded theory can be both a research strategy and a method for the analysis of data. In line with the ontological and epistemological principles which underpin this study, the analysis of the data would be conducted according to methods based on grounded theory (Glaser and Strauss 1967). There is a substantial body of literature on the different approaches that can be adopted when using grounded theory as

a method of data analysis (Seale 1999; Charmaz 2000; 2005). The approach adopted in this study followed closely that advocated by Charmaz (2006), as her approach is based on the original guidelines developed by Glaser and Strauss (1967) and also reflects the most recent methodological debates:

“I view grounded theory methods as a set of principles and practices, not as prescriptions or packages. ... I emphasize flexible guidelines, not methodological rule, recipe, and requirements.” (Charmaz 2006, p.9).

The key stages of data analysis based on Charmaz’s approach reflect those of the original work of Glaser and Strauss (1967), namely open coding, axial coding, theoretical coding, and theoretical sampling. The tasks that were performed during these stages of data analysis are described in section 4.3.

4.2.4 Ethical Considerations

Ethical issues in social research concern questions on how research participants should be treated and whether there are research activities that should not be undertaken. The Social Research Association have issued a set of ethical guidelines which apply to social research generally (Social Research Association 2003), and on which the ethical research guidance of Aston University is based (Aston University 2004). These ethical guidelines include the need to adhere to the basic principles of beneficence and non-maleficence, which aim to ensure that the needs and potential vulnerabilities of study participants have priority over the interests of the researcher. In particular, the following ethical principles contained in the guidance referred to above were of practical and direct concern to this study:

- Obtaining informed consent;
- Ensuring anonymity and confidentiality of data;
- Ensuring that study participants understood that their participation was voluntary; and
- Data storage.

These principles were applied in the following way: At the point of arranging an appointment for interview, each study participant was sent an e-mail in which the purpose of the study, together with the structure and approximate length of the interview, was explained. Assurances were given that the information given by the study participant

during the interview would be treated as confidential and that the information would be anonymised so that interview data used in this thesis could not be attributed to an individual. At the start of each interview study participants were reminded of these principles and, in addition, I confirmed that the study participant could terminate the interview at any time and for any reason.

Interview recordings and field notes were kept either in tape, electronic or paper format at my home, as were the transcribed interview notes. The data were kept in orderly files and although family members could obtain access to the data, it was unlikely that there would be any interest or desire to do so. At the analysis stage data were attributed to the generic organisational roles occupied by interviewees, and an anonymous code was used for each case study TSO. As the sample for each site was quite small, the gender of study participants was either not disclosed, or changed to further prevent the disclosure of the identities of study participants. The anonymity of the Programme Manager could only be partially ensured however, because there was only one Programme Manager in each URBAN II site.

4.2.5 Reflexivity

Acknowledging that the researcher plays a significant role in the collection and interpretation of data is important in order to create findings which are considered to be plausible and credible by the reader. Stake (1995) argues that for case study research it is particularly important to be explicit about how the researcher conducted the study because:

“Qualitative case study is highly personal research. ... The way the case and the researcher interact is presumed unique and not necessarily reproducible for other cases and researchers. The quality and utility of the research is not based on its reproducibility but on whether or not the meaning generated, by the research or the reader, are valued.”
(Stake 1995, p.135)

Reflexive researchers are ‘turning a critical gaze towards themselves’ (Finlay 2003, p.3) and there are many interpretations as to what is meant by reflexivity and how it is practised (Steier 1995; Schwandt 2001; Finlay and Gough 2003). The approach taken in this thesis was based on making transparent the motivations, interests and values that have influenced the researcher in order to provide the reader with insights into the

position the researcher assumed in relation to the research topic (Harris 2001c). To this end I briefly describe below my own background which I tried to keep myself aware of during the research, because I expected that my personal experience was likely to influence the way in which I constructed the situations which I researched.

Upon completion of my masters degree in town and country planning in Berlin I moved to England because I was excited by the opportunities that third sector organisations offered to involve residents in urban regeneration initiatives. During the 10 years that I worked for TSOs I experienced how the bottom up, grassroots approach I was seeking to practice was being successively replaced by a 'business' approach towards securing resources for projects and services. I felt that the TSOs I worked for were losing their advocacy function, and their role as a link between the grass roots of communities and public sector organisations was becoming increasingly weak. Following some particularly frustrating years in TSOs I took up work with local authorities, hoping to bring about change 'from the inside'.

While managing physical and social regeneration programmes for local authorities I was able to support TSOs in a number of ways, including providing them with access to funding. Decisions about how funding should be 'given' to TSOs brought me into frequent conflict with other public sector colleagues and politicians. While I promoted a collaborative approach in my work with TSOs, I felt that others tended to use the power that control over funding gave them to ensure that TSOs delivered on their own priorities and in ways that suited them personally.

During that time I studied for a masters degree in public services management and I became interested in finding explanations for why it was so difficult for public and third sector organisations to work collaboratively together. I discovered a growing field of third sector research which attempted to develop explanations from a third sector rather than a public sector perspective, and I decided pursue this line of enquiry through this thesis.

In addition to disclosing my position vis a vis the research topic, it is important to show how I tackled these influences (sPatton 2002). I have tried to address this challenge by being transparent about the way I used existing research and theory to design this study. In addition, I have built up a reflexive record during the course of this study by keeping a

journal for each of the research sites. On most occasions I made field notes after interviews about the key issues that were being raised, and I also made notes about site visits or people I met who were not study participants. Therefore there was an almost continuous process of collecting and contextualising data, which started from the point of developing the sample for each site. By engaging in such a continuous reflexive endeavour I tried to inform myself on how I approached and implemented this study (Gough 2003).

Developing my awareness of how the research affected me and how I might affect the people and situations I researched was important to help me undertake the sampling and data collection tasks in a systematic and consistent fashion. This is because I found that working in different cultural contexts requires adjustments to the way in which appointments are made, interviews are arranged and also the way in which the interviewer and interviewee interact. For example, my fieldwork in Berlin had an international and European character because people were intrigued about me coming from abroad to do this study, while the fieldwork in Bristol had more of a mundane character because the study participants there had been subject to many studies and evaluations. Being aware of such differences helped me not to get 'carried away' by being treated with substantial interest and respect in Berlin, and not get downhearted by being just one of many researchers analysing the URBAN II programme in Bristol. I drew on my interview schedules, sampling frame and the methodological approach I had mapped out to ensure that, regardless of these contextual influences, the fieldwork was carried in as consistent a manner as possible.

4.3 Study Implementation

In this section contains details on the implementation process of this study, including the challenges that were encountered, and the resulting changes that were made to the research design. First the rationale for the choice of geographical locations is given. This is followed by a description of how individual case study organisations were selected, including the challenges encountered in obtaining access. Following a description of how the sampling and data collection was organised, this section finishes with a description of how the challenges associated with the translation of interview transcripts were tackled. The sections dealing with these issues are:

- Sampling for research sites,
- Sampling for case study organisations,
- Developing research instruments,
- Conduct of fieldwork, and
- Translation of interview data.

4.3.1 Sampling for Research Sites

One of the challenges that needs to be tackled in empirical research, and in particular in cross-national research, is to select samples in which the units of analysis not only share the features which are being researched, but also occur in similar contexts, so that valid comparisons can be made. The EU funded URBAN II programme provided such a comparative context for this study, because important requirements for the establishment of URBAN II programmes apply to all European member states. They include:

- Being located in cities with a population of more than 150,000 residents;
- Operating in deprived inner city neighbourhoods with a population of approximately 35,000 residents; and
- Public sector organisations acting as accountable bodies required to demonstrate that TSOs were included in the development and delivery of the URBAN II programme (Commission of the European Communities 2000a; 2000b).

Potentially all URBAN II sites in the EU could therefore have been expected to offer comparable contexts for the selection of case study TSOs. However, when practical considerations were taken into account, the potential geographical locations that could be sampled from amongst the European Union member states were quite limited. These practical considerations included:

- Competence in the main national languages;
- Familiarity with the country;
- Contrasting national and sectoral contexts; and
- Resources to undertake the study.

Competence in the Main National Languages

A hermeneutic-phenomenological epistemology is based on understanding and interpreting language. Therefore it was necessary to be able to communicate with research participants in their everyday language to understand and see the issues through their eyes. As I have an in-depth knowledge of the English and the German languages, the initial choice of geographical location amongst the member states of the European Union in receipt of URBAN II funding was limited to countries where these languages were the main official languages, namely Germany, Ireland, Austria and the United Kingdom.

Familiarity with the Country

Language and communication creates and re-creates institutions, social systems and society (Giddens 1984). An understanding of the structure, culture and history of a country was therefore deemed to be important to aid the 'understanding' of the data being collected. In addition, prior knowledge of the context within which cases are to be studied is also an important and helpful aspect of the sampling process (see for example Miles and Huberman 1994; Yin 1994; Stake 1995), particularly in cross-national research (Schatz 2000). The application of this criterion further narrowed down the choice of potential countries within which to conduct this study, as my cultural, social and institutional awareness is most highly developed for Germany and the United Kingdom.

Contrasting National and Sectoral Contexts

The conceptual framework for this study suggests that TSOs are influenced by the cultural, historical, political and socio-economic contexts within which they operate. Hence by choosing countries which have contrasting cultural, political, historical and socio-economic contexts the likelihood of obtaining a diverse sample of TSOs was increased. This in turn would support the generation of a multiplicity of perspectives on the way URBAN II funding affects TSOs, which is desirable in qualitative approaches towards social research.

The Federal Republic of Germany (FRG) and the United Kingdom (UK) provide very different contexts, both in terms of their history and institutional structures, and also with regard to their respective third sectors. They therefore seemed to provide suitable contexts for the development of contrasting perspectives. The key contrasts between the UK and the FRG are briefly sketched out below.

Contrasting Characteristics of the Federal Republic of Germany and the United Kingdom

The FRG has a relatively short history. It was founded in 1949, and in 1990 the part of the former Germany that had been controlled by the Soviet Union became part of the FRG. The FRG now consists of 16 federal states (Bundesländer), and each Bundesland has its own government which is elected separately from the federal government. Bundesländer share similar powers and statutory duties and have similar ministerial structures. There are few government agencies, and most statutory responsibilities are discharged by local governmental institutions which have a consistent structure across the Bundesländer. Public institutions and civil rights are governed by the basic law (Grundgesetz), which is part of the constitution of the FRG. Hence, the FRG is frequently described as a 'Rechtsstaat', a nation that is governed by legal statutes (Merkl 1999).

In contrast, British institutions have evolved more continuously over several centuries into the contemporary political and institutional structures which constitute the UK today. The UK has no codified constitution and there is no consistent system for local government in Scotland, Wales, Northern Ireland and England, which are the four countries that constitute the UK. The parliament in Scotland and assemblies in Wales and Northern Ireland each have different delegated powers from the UK parliament, which in turn affects the way public services are delivered locally. There is an array of governmental agencies which are established by the national government and regional assemblies, and which deliver statutory and non-statutory services at local, regional and national levels (Norton 2001; Kingdom 2003).

Contrasting characteristics of the Third Sectors in Germany and the United Kingdom

The German third sector is organised via six welfare organisations (Freie Wohlfahrtsverbände) through which substantial numbers of government funded services are provided (Evers and Strünck 2002). The subsidiarity principle, which is embedded in the German constitution, requires governmental organisations at national, Bundesland and local levels to delegate the delivery of services where possible to the next lower levels. In the case of the provision of local public services, this means that local TSOs have a statutory right to deliver public funded services, and local authorities have a duty to use TSOs in the provision of such services (Zimmer 2001). However, public sector

organisations formally assess all TSOs with regard to their capacity to deliver public services according to specified quality standards. TSOs that are deemed capable are given the status of 'Freier Trager' and thus allowed to tender or bid for public sector contracts. Anheier and Seibel (2001) argue that subsidiarity is the key principle which has shaped the German third sector, making it part of the corporatist structures and processes which characterise German political and governmental organisations.

In contrast, the third sector in the UK is not organised along corporatist lines or the principle of subsidiarity (Kendall 2003, p. 19 ff). Instead, independent philanthropy and advocacy are key characteristics of the third sector in the UK (Owen 1964; Kendall and Knapp 1996; Acheson, Harvey et al. 2004). Although the provision of government funded services is becoming an increasingly dominant characteristic of the UK third sector, there is a strong sense of third sector independence from government. This is reflected in a wide ranging debate on the challenges encountered by TSOs attempting to balance the need for governmental funding with their wish for independence from government (Harris and Rochester 2001; Taylor 2003).

Resources to Undertake the Study

Compared with single nation studies, undertaking a cross-national study tends to require extensive travel and also translation of interviews, and consequently more time and financial resources. For a part-time PhD student, such as myself, the available time to undertake the study was the key limiting factor. This informed my decision to select just two European member states from which specific URBAN II sites would be chosen.

Selection of URBAN II Sites

All URBAN II sites located in the UK or the FRG were the potential sample population, because each site could potentially provide the context from which to select a sample of TSO case study organisations. I therefore decided to add a further selection criterion, which was the likelihood of gaining access to the local URBAN II programme. Giving access a high priority is a justifiable criterion, because access is known to be a key problem in qualitative research (Bryman 1989, p.161). Using personal contacts is considered to be the most effective way of gaining access, particularly in smaller studies (Buchanan, Boddy et al. 1988; Bulmer 1988; Gummesson 1991; Robson 1993). Therefore,

I decided to identify potential URBAN II sites based on my personal contacts in UK and German cities that were in receipt of URBAN II funding.

The URBAN II programmes of Berlin in Germany and Belfast in Northern Ireland were initially chosen as sites to conduct this study because I had personal contacts in these cities. In both cities I had developed contacts with the managers and officers of the local URBAN II programmes prior to the fieldwork for this study, through my professional work as an Expert Advisor to the URBACT funded REGENERA network (URBACT, 2006, 2007). Berlin and Belfast had joined the REGENERA network to share good practice in urban regeneration, and I supported the preparation of site visits and local workshops, and prepared reports on aspects of good practice identified by the regeneration practitioners who participated in REGENERA.

Although initially the study was based on just two URBAN II sites in two different countries, the fieldwork in Berlin and Belfast quickly showed that these two sites were very different from each other. The contrast in approaches towards engaging TSOs and providing funding for them was much greater than anticipated and a third research site was chosen with the aim of having a broader sample that was more inclusive of the characteristics of the potential sample population. In making this decision the constraints imposed by limited resources were subordinated to the need for a more inclusive sample.

As a consequence of these considerations Bristol was included in the sample, because a review of URBAN II programmes in the UK showed that the Bristol URBAN II programme was considered a site of good practice with regard to the inclusion of residents and young people in programme design and implementation (The Bristol URBAN Programme 2001; Bristol City Council 2006a). Informal conversations with colleagues in the URBACT network, of which Bristol was part, also pointed towards this site as an interesting example. As the inclusion of residents in the regeneration of their neighbourhood is a core priority of the URBAN II programme, it seemed appropriate to choose Bristol as a third URBAN II site from which case study TSOs would be drawn.

4.3.2 Sampling for Case Study Organisations

The number of cases that could be studied was largely limited by the resources that were available to me. Taking into account the trans-national nature of the study design and the limited time I had available due to my being in full time employment, together with limited financial resources, I decided that a maximum of three case study organisations could be chosen in each URBAN II site. In addition, I made provision for up to two interviews per site with the URBAN II Programme Manager and representatives from organisations which acted as the accountable body for the local URBAN II programme funding.

The identification of potential case study organisations within the chosen URBAN II sites started with a review of programme level information available on websites and in print which described the projects that were undertaken by TSOs. The content and amount of information varied substantially between sites, and generally speaking, few organisational details were included about the TSOs which were involved in the delivery of the programme. However, on the basis of the available information I compiled a 'long list' of potential case study organisations for each URBAN II site, aiming to include TSOs of different sizes and which delivered different types of URBAN II funded projects.

Following this, I approached the Programme Manager for the URBAN II programme in each site. The initial approach to this officer was made via email, setting out the aim and purpose of my study and requesting an appointment for a telephone conversation. Once agreement in principle to participate in the study had been obtained from the Programme Manager, usually after the telephone conversation, the sampling process followed a different pattern in each site.

The first site to be sampled for case study organisations was Berlin. Here the meeting with the Programme Manager was preceded by a study tour of the URBAN II area by the REGENERA Network, in which I participated at the time as an Expert Advisor on social inclusion. This was entirely unrelated to this study, but the REGENERA visit gave me the opportunity to establish an overview of the kind of TSOs involved in the delivery of the programme. When I met the Programme Manager to identify the potential sample from a long list of seven TSOs, the meeting ended with the Programme Manager recommending

just one TSO as a potential case. I was advised that I should consult key officials in the two local authorities in whose administrative areas the URBAN II programme was located, and it was left to me to contact relevant local authority staff and the TSO directly. The discussions with local authority staff resulted in the identification of two further TSOs as case study organisations, which were in my originally suggested sample. In addition I used a personal contact to secure the participation of one additional TSO which I intended to use as a pilot study.

The sampling process in Belfast drew on a prior relationship I had established with the Programme Manager during a number of REGENERA meetings in several different European cities. This again was totally unrelated to this study, but had given me an overview of the URBAN II programme in Belfast. Discussions about the selection of a suitable sample proceeded largely by email and telephone. Following the establishment of a 'long list' of approximately 20 TSOs, the Programme Manager and I decided that the sample should include a TSO serving the loyalist community, a TSO serving the nationalist community, and a TSO that was not bound by such distinctions and provided its services across sectarian divides. Three TSOs which matched these criteria were chosen and the Programme Manager agreed to make contact with the identified TSOs to secure their participation in the study.

Gaining access to case study TSOs in Bristol proved to be more difficult than in the other two URBAN II sites. Although the Programme Manager had confirmed his willingness to support my study, his responses to my emails were sporadic, leading to missed appointments and creating long time delays. As I had no personal contacts in Bristol I contacted the Regional Government Office, suggesting that they might want to support me in undertaking a study of the Bristol URBAN II programme given that it was considered to be an example of good practice in community led urban regeneration. The Government Office was enthusiastic about my suggestion, and within a few days the Programme Manager had contacted me and a meeting was arranged quickly. This meeting included a detailed review of approximately 15 project files, resulting in the identification of five TSOs which seemed to capture the potential range of TSOs involved in the delivery of the URBAN II programme in Bristol. The Programme Manager then contacted the relevant TSOs with the aim of securing the co-operation of at least three TSOs.

4.3.3 Developing Research Instruments

The main instruments for the collection of data were topic guides for semi-structured interviews. The chosen topics were drawn from the literature review, which had identified key organisational challenges that TSOs tend to encounter when using government funding. In accordance with the design principles of topic guides for semi-structured interviews, the questions were open with a range of prompts to guide the discussion, and to elicit and probe for information (Legard, Keegan et al. 2003). Following a few introductory questions about the interviewee's role and background, questions for TSO participants covered the following topics:

- History and purpose of the organisation
- Reasons for securing URBAN II funding
- Challenges associated with URBAN II funding
- Benefits associated with URBAN II funding
- Influence of URBAN II funding on the future development of the organisation
- Support sought from programme management, public sector organisations and other TSOs

The final versions of the TSO topic guides included in Appendix Two are the result of an iterative process which involved piloting the interview questions in two TSOs receiving URBAN II funding: one in Derby, and one in Berlin. The pilot site in Derby was chosen because I had professional contacts in the local authority and the third sector. Access was easily obtained and I could pilot the questionnaire with relative ease. The data generated through the piloting stage is not considered in this thesis, because the function of the pilots was to test whether the topic guides were likely to generate the data needed to answer the research questions.

The Derby pilot study showed that the topic guide worked well overall. Some prompts were turned into questions and the number of questions was reduced overall. I then translated the revised topic guide into German and tested it on the TSO which I had identified in Berlin for this purpose. This pilot showed that questions about organisational impacts were largely not understood by the two German study participants who took part in the pilot. Although problems of translation in cross-national studies are frequently discussed in the literature (see for example: Sperber, Devellis et al. 1994; Larson 1998;

Esposito 2001) I did not anticipate such problems because of my familiarity with both languages. However, when reflecting on these problems I became aware that the main weaknesses of my questions were related to conveying the intended 'meaning' (Habermas 1984; 1987), rather than accurate translation. While I had accurately translated the questions and prompts into German, the terms I used were not describing equivalent phenomena in the German language. Thus my interview questions lacked 'equivalence of meaning', which is essential to the development of cross-national research tools (Almond and Verba 1970).

Reflecting further on these problems, I became aware that my assumptions about potential organisational impacts were based almost exclusively on TSO research undertaken and published in the UK, the United States or other English speaking countries. In addition, my relevant work experience was gained almost exclusively in England, thus providing a further explanation as to why my conceptual assumptions led to an inadequate translation of technical terms from English into German, despite an otherwise complete command of both languages.

A comparison of the German and the English pilot studies also showed that some terms and their associated concepts had different relevance in the two national contexts. For example, the term 'partnership', which is almost synonymous with urban regeneration practice in the UK, meant little to the TSO representatives in the German pilot. Conversely, the term 'contracting' was understood in the German pilot to mean the standard way of obtaining public sector funding, but in the UK contracting is considered as a largely worrying development for TSOs. In these instances, therefore, difficulties in conveying equivalent meanings were less attributable to translation, but rather to the different national contexts within which the TSOs operated.

As a result of these reflections on the pilot studies, the German TSO interview schedule was revised substantially. This involved a search of the German literature on relevant topics to identify equivalent terms, and approaches to German professionals known to me with experience in regeneration and academic work, to discuss the meanings of key terms I intended to use in my interviews. Changes to the German version of the interview schedule were carefully tracked, and where necessary, amendments were made to the

English version to ensure that both schedules contained equivalent questions and probes. This iterative process could be described as ‘fine tuning’ the German and English interview schedules to achieve the highest possible degree of equivalence in the terminology used. The end result of this process were two interview schedules, which were not literal translations of each other, but which conveyed equivalent meanings in the questions, prompts and probes they contained. The topic guides used for the interviews with TSOs in the UK and Germany are included in Appendix Two.

The interview schedules for public agencies and the Programme Manager were designed after the TSO topic guides had been finalised. These research instruments were also based on the issues identified in the literature review, but kept quite general in order to allow for the exploration of issues that had been raised by TSOs. These topic guides were not piloted because an important part of them was to support the exploration of issues that had been raised by local TSOs, which could not be anticipated at the design stage. However, the experience of drafting the TSO topic guides for the UK and the FRG fieldwork sensitised me to the need to achieve equivalence of meaning in the development of the public sector topic guide, and I spent some considerable time comparing and adjusting them. The final topic guide for interviews with public sector officers included questions, prompts and probes on:

- The contribution of TSOs to the delivery of URBAN II priorities,
- The profile and role of TSOs in the URBAN II area,
- Programme management arrangements,
- Support provided for TSOs, and
- Lasting changes resulting from URBAN II.

The public sector topic guides are included in Appendix Three.

4.3.4 Conduct of Fieldwork

The fieldwork included interviews with members of TSOs as well as with the Programme Managers and public officials. Interviews with TSOs preceded interviews with public officials and staff responsible for programme management because it was intended to use those interviews, in part, to explore issues that had been raised by TSOs.

Recruiting Study Participants from TSOs

The selection of study participants from TSOs was based on the earlier decision that people from different organisational levels should be interviewed (see section 4.2.3). From each case study organisation one member of paid or unpaid staff from the following organisational levels was sought as a study participant:

- The most senior officer of the organisation,
- The officer responsible for the URBAN II project,
- A member of the front line staff or a volunteer, and
- A member of the governing body.

During the selection process it became clear that a number of study participants fulfilled multiple roles in their TSO, such as volunteering to provide services and at the same time being a member of the governing body. In some cases the officer responsible for the URBAN II project was also the most senior officer of the organisation, and there was one TSO where this role was undertaken on a voluntary basis. To ensure consistent coding of interview data later on in the study it became necessary to develop my own definitions of job categories which reflected the actual way in which the TSOs studied were organised. My use of these 'labels' may or may not reflect fully the role and responsibilities of study participants, but these categories have been applied as accurately as possible on the basis of the data obtained during the fieldwork. The following job categories were used to 'label' TSO study participants:

- **Director/Senior Officer:** The post holder led the organisation; the role could include direct operational responsibility for the delivery of the URBAN II project. This role could be paid or unpaid.
- **Project Manager:** This role had direct and overall responsibility for the delivery of the URBAN II project. This role could be performed by a paid or unpaid member of staff.
- **Project Worker:** In this role the paid worker or volunteer delivered a significant part of the URBAN II funded project. Volunteer project workers could also be users of services provided by the organisation.
- **Board Member:** Being a member of the governing body could be combined with doing practical work in the organisation, or being a user of the services provided by the organisation.

Interviews with Staff and Volunteers Working for TSOs

Following agreement on the TSOs that were to be sampled, the URBAN II Programme Managers in Belfast and Bristol made contact with their most senior officer to first obtain their consent in principle, and then to inform them that I would be contacting them to arrange interviews with some of their staff and volunteers. I then followed these contacts up by phone or email to explain the purpose of the study and what would be involved in participating in an interview. In Berlin I established contact with TSOs directly, stating that the Programme Manager supported my study. Once I had obtained the in-principle agreement from my main contact in the TSO, potential study participants were identified. This involved me sending further information about the nature of the interviews to the main contact person, who would then suggest potential members of their organisation as potential study participants. In most cases I would follow this up with a phone call to discuss the suggestions and to confirm the people I would contact to set up interview appointments. Once the study participants had been identified in this way the fieldwork followed the process outlined below.

- Study participants were phoned individually to explain the purpose of the study, the format of the interview and how the proposed interview supported the study, providing assurance of confidentiality and anonymity. Once they had confirmed their agreement to be interviewed an appointment was made, allowing approximately two hours for each interview.
- Several visits were usually necessary to interview all study participants in a TSO. On each first visit to a TSO I asked to be shown around the organisation to see how work was being done, and to meet some staff or volunteers who were not going to be interviewed.
- Interviews lasted between 40 and 90 minutes. Each interview was recorded on a tape or digital recorder, and in addition I took notes during the interview. If there was sufficient time between interviews I reflected on the interview and made notes of the key issues that were emerging. This helped me to select the most appropriate prompts from my interview checklist to probe for information in successive interviews.
- Most interview recordings were transcribed verbatim by a professional transcription service, except for interviews undertaken in Berlin which were

transcribed by me. I used tape recording and my field notes to prepare transcripts of the interviews in German first, before translating them into English.

Data collection took place for each site separately, and was continued until all fieldwork planned for a site was complete, which could take several months. During the fieldwork I kept a separate journal for each URBAN II site, in which I recorded the key issues that I had come across. At the end of a day of fieldwork I reflected on the day's events and took notes on particular observations made, issues that were being raised by interviewees, and connections between issues and possible explanations that were emerging as fieldwork progressed. These field notes became an aide memoir which helped me to remind myself of the key issues I had come across, and also helped me to avoid getting confused between a relatively large number of interviews undertaken in each site over long periods of time. A further benefit of the field notes was that they contained a preliminary analysis of the data which supported later stages of the study, because the ideas from this preliminary analysis informed the initial coding structures which I developed in NVivo.

The majority of interviews were conducted on a one-to-one basis in private, usually in a quiet room within the TSO. However, there were three exceptions to this; two in Belfast and one in Bristol. In one of the Belfast TSOs (BEL3), four study participants requested to be interviewed in pairs because they had never been interviewed before and felt intimidated by the idea of answering questions for an hour or so on their own. In a second Belfast case (BEL2), three volunteers were interviewed together because they were in the building at the time, and the Project Worker with whom I had made the appointment suggested that I might want to meet her volunteer colleagues. In one of the Bristol TSOs (BRI2) the senior officer, project manager and project worker were interviewed together because the senior officer thought this was the most effective use of their time.

These group interviews proceeded largely along the lines of the topic guide, although more flexibility was required to allow for discussion amongst study participants. One of the challenges that arose in group interviews was to allow sufficient flexibility to let the discussion proceed naturally, while ensuring that the key issues contained in the topic guide were being covered. As the interview was not confidential it is likely that study participants may not have been as open as they might have been in one-to-one interviews. In one case the discussion was dominated by one individual, thus reducing the range of

perspectives that could be obtained through this particular group interview. However, despite these limitations the group interviews generated important data and insights which are included in the analysis.

Table 4.1 provides an overview of the different roles performed by study participants. Where study participants held a number of positions, or fulfilled a number of roles, the highest level of responsibility was chosen to categorise the interviewee. For example, a member of the governing body who was also volunteering as a project worker was categorised as ‘board member’.

Table 4.1: TSO Study Participants Interviewed

Role	Berlin	Belfast	Bristol	Number of TSO interviewees (Volunteers shown in brackets)
Director/Senior Officer	3	3	3	9 (2)
Project Manager	1	2	1	4
Project worker	5	9	4	18 (5)
Board member	1	3	1	5 (4)
Number of TSO interviewees (Volunteers shown in brackets)	10 (1)	17 (6)	9 (4)	36 (11)

As some interviews were conducted in groups, the overall number of participants is higher than the number of interviews conducted. The actual number of TSO interviews conducted at each site is shown in table 4.2 below:

Table 4.2: Number of TSO Interviews Conducted

	Berlin	Belfast	Bristol	Number of TSO interviews
TSO Interviews	10	13	9	32

The variation in the number of study participants across the three sites was largely due to the extent to which potential research participants were willing to make themselves available. In Bristol, people working in TSOs appeared to be ‘over researched’ because the programme had been used repeatedly as an example of good practice by a number of UK and European networks, including the URBACT programme (URBACT 2006). This was in contrast with Belfast where, once the agreement to undertake a study in the TSO

was reached, TSO staff and volunteers were eager to participate. In Berlin the appointments were subject to changes by TSOs at short notice, which created problems because I had to conduct a large number of interviews during several short visits I made to Berlin.

Interviews with Public Sector and Programme Management Staff

In selecting study participants from public sector organisations, the intention was to capture data from officers who were likely to have been most influential in the design and implementation of the URBAN II programme. I therefore aimed to interview, as a minimum, in each site:

- The most senior officer with direct responsibility for the local delivery of the URBAN II programme, and
- An officer employed by the agency which had been closely involved in the development and the implementation of the URBAN II programme.

At the design stage, I expected that the Programme Manager was likely to be employed by the local authority that was accountable for the URBAN II funding and the local programme overall. In practice, I found that in Berlin the programme management function had been sub-contracted to a private consulting firm, and in Belfast the programme management function was provided by a TSO which was governed by a partnership of local politicians, public and third sector organisations. Only in Bristol was the Programme Manager employed by the local authority which was also accountable for the URBAN II programme overall.

The different arrangements for programme delivery were the main reason why the number of interviews with local authority and programme management staff differed across the three sites. In Berlin, I had to interview the Programme Manager as well as staff from two local authorities in which the URBAN II programme was located. In one of these local authorities, two departments shared responsibility for the URBAN II programme, hence two informants were sought from this local authority. This resulted in a total of four study participants in Berlin, as compared with two in Belfast and Bristol. In Bristol the Programme Manager was employed by the local authority and was line managed by a senior director of the local authority. Hence the Programme Manager was

both an officer employed by the local authority who had been closely involved in the development of the URBAN II programme, and also the most senior officer responsible for programme delivery. For the purposes of this study the Programme Manager and the administrator interviewed were categorised as programme management, rather than other public sector staff who were likely to have a less direct involvement in the programme.

Table 4.3 shows the profile of programme management and local authority staff interviewed.

Table 4.3: Interviews with Public Sector and Programme Management Staff

Organisation	Berlin	Belfast	Bristol	Number of interviews
Programme management staff	1	1	2	4
Public sector staff	3	1		4
Total	4	2	2	8

4.3.5 Translation of Interview Data

Following the experience with the translation of the interview schedules, I was sensitised to the need to ensure that I would provide a translation of interview data which provided an equivalence of meaning, an issue that has also been identified in the literature with regard to the analysis of data (Hantrais and Mangen 1987; 1996). A method widely used to address such challenges is back-translation (Manaster and Havinghurst 1972). In back-translation, a bi-lingual speaker who is not connected to the study is asked to translate part of the translated text back into the original language. Provided this ‘back-translation’ generates a text that is very similar to the original, then the translation can be considered to be accurate and reliable (Sperber, Devellis et al. 1994).

For the back translation in this study I sent two quotations I had translated from German into English to two personal contacts in Germany who are native German speakers and very competent in English. One of these contacts is herself a regeneration professional working for a local authority in Berlin, and the other is a co-ordinator of a European network of cities with experience in urban regeneration. While the back-translation generated texts that were very similar to the German original, there was an issue about the translation of the terms ‘public sector organisations’ and ‘TSOs’. The regeneration

professional translated TSOs as ‘Freie Träger’, which is a particular type of TSO that has been vetted and accepted by public sector organisations as being capable of delivering publicly funded services. ‘Freie Träger’ are different from ‘Vereine’ (charities), the latter being smaller voluntary organisations whose primary purpose is to serve their members, rather than to deliver public services – unless they also have the status of ‘Freier Träger’. In contrast, the translator with a European role translated TSOs as ‘gemeinnützige Organisationen’. This is an ‘umbrella’ term which is inclusive of a wide range of TSOs, and which had been used interchangeably with ‘Freier Träger’ by the two people I had asked to do the back translation. Given that my study is concerned with TSOs in their broadest sense, I translated terms describing them as ‘gemeinnützige Organisationen’ or ‘Freie Träger’ generally as ‘TSOs’, unless a more specific definition of the status of the organisation was helpful in understanding the data that had been collected.

A similar problem was encountered with the term ‘public sector organisations’. The regeneration professional translated this as ‘Kommunalverwaltung’, while the European co-ordinator translated it as ‘Verwaltung’. The German term ‘Verwaltung’ is usually related to the structures and services associated with local or regional government, and tends to exclude governmental agencies. While this could be considered to be a minor difference, for this study it was important to be clear about whether it was local authorities in particular or public sector organisations more generally that were being described by study participants. I therefore decided to translate ‘Kommunalverwaltung’ as ‘local authority’ and ‘Verwaltung’ as ‘public sector organisations’.

4.4 Data Analysis

The analysis of the data collected through semi-structured interviews was conducted according to the methods associated with grounded theory (Glaser and Strauss 1967). As discussed under 4.2.3, grounded theory can be both a research strategy and a method for the analysis of data; the approach taken in this study uses grounded theory as a method of data analysis. There is a significant body of literature on the philosophical orientation and epistemological implications of grounded theory (Seale 1999; Charmaz 2000; 2005) in which authors advocate a range of approaches towards practising grounded theory. The approach adopted in this study follows closely that advocated by Charmaz (2006):

“I view grounded theory methods as a set of principles and practices, not as prescriptions or packages. ... I emphasize flexible guidelines, not methodological rule, recipe, and requirements.” (Charmaz 2006, p.9).

4.4.1 Coding

Two key methods of analysis based on grounded theory informed my approach to the analysis of data, which were structured coding and theoretical sampling. The coding of data is one of the key analytical processes in grounded theory, and involves a constant comparison between the data and the concepts and categories that emerge from it. Charmaz (2006) proposes four stages of coding, and a final stage of analysis which synthesises the data through a process called theoretical sampling. The four stages of data coding followed in this study were:

- Initial coding,
- Focused coding,
- Axial coding, and
- Theoretical coding.

Initial Coding

Initial coding was the first step in the open coding stage of my data analysis. This initial coding stage consisted of a general reading of the interview transcript to get a sense of what the data were about, and highlighting words or passages that appeared to be particularly pertinent. These acted as codes which highlighted participants' views and meanings. In addition, key words describing the content of passages were annotated in the interview transcript.

Working with self-transcribed interview records and professional verbatim transcriptions of interview recordings required different approaches at this stage of data analysis. The reason for this was that the text from professional transcriptions arrived a few weeks after the interview had taken place, and picking up the transcript was the first focused encounter with the collected data. Hence, several readings and initial codings of a transcript were required to comprehend the data. Self-transcribed interviews, in contrast, were very familiar to me. The process of listening and re-listening to the recording, piecing together arguments made by the interviewee which were spread out over several

sections of the recording, or bringing responses on certain topics together under one heading rather than having them spread throughout the transcription, were all part of the initial coding process. Translating the interview transcript from German into English had further immersed me in the data I had collected in Berlin.

Focused Coding

In the second stage of the open coding process, significant or frequent topics, summaries and hand written annotations were drawn together into higher level codes, which here are called 'tree nodes', or to use the terminology of grounded theory, 'categories'. These tree nodes bring together issues, topics or themes which are in some way conceptually related. At this stage, the data were coded on the level of an individual interviewee and decisions about what data and codes from the initial coding stage should be selected were made on analytical and conceptual grounds, thus representing the first steps in data synthesis.

This, and all following coding and analytical stages, were undertaken with the aid of a computer programme because, in contrast with manual coding methods, electronic data analysis tools increase the speed in handling large amounts of data and also support a rigorous and consistent approach towards data analysis (Weitzman 2000; Western and Peters 2000). Computer-assisted qualitative data analysis software has experienced rapid development in recent years so that current programmes allow the researcher to code and retrieve text, link data and build concepts and theories. These are all requirements of a software programme which does not restrict but supports the analysis of data (Spencer, Ritchie et al. 2003). The programme that was used for the analysis of data in this study was NVivo 7, the successor to NUDIST and arguably one of the most flexible and comprehensive qualitative data analysis software on the market at the time of undertaking the analysis (QSR International 2007).

Axial Coding

Axial coding is about bringing together separate pieces of data into categories that emerge from the open coded data, thus moving the data analysis to a higher level of abstraction. In a first step the coded data from individual interviews was drawn together on an organisational basis, capturing emerging patterns of actions, causes and contexts. In a

second step, categories of organisational data were compared with each other, thus providing a cross-case analysis between TSOs in each one of the three URBAN II sites.

The interview data from programme management and public sector organisations were kept separate from TSO data up to this point. In a third analytical step, data from interviews with Programme Managers and staff from public sector organisations was compared with TSO data to explore possible relationships between categories that had emerged from interviews with TSO and public sector representatives.

Theoretical Coding

Theoretical coding finalised the coding process by exploring possible relationships between the categories that were identified at the previous coding stage for each of the three sites. This analysis started with the higher level concepts that had emerged from the data, but went back to initial codes and categories to refine and complete the description or definition of these concepts.

The analysis of the data from the foregoing coding stages is presented in the findings Chapters 5, 6 and 7.

Theoretical Sampling

Once the data had been coded and categorised for each URBAN II site, the final step in the data analysis process was to compare the data across the three URBAN II sites. This stage of the analysis consisted of the exploration of links among categories already established. At times it involved going back to individual interviews and axial coded data for cases. I linked this exploration to theories, concepts and earlier research to ground my analysis in existing knowledge. The results of this analysis are discussed in Chapter 8.

4.5 Reflections on the Implementation of the Study

Looking back over the development and the implementation of this study, I can identify some limitations associated with the study design, and also some actions I took which turned out to be of benefit in undertaking this study. These limitations and benefits are briefly discussed below.

4.5.1 Limitations of the Chosen Approach

One of the limitations of this study is the small sample size. In the context of the European Union, three URBAN II sites and nine case study TSOs can hardly capture the diversity of the potential sample population of TSOs engaged in EU funded regeneration initiatives. Furthermore, contrasts in national and sectoral contexts are likely to be more pronounced between new and old EU member states, rather than between two of the longer standing members of the EU, which were chosen for this study. While the choices made in the research design which have led to these limitations have been justified (see 4.2), some additional and unforeseen limitations emerged during the course of the study. These were related to the collection of data on programme management processes as well as study participants' reluctance to answer some questions.

Limited Information on Programme Management Processes

The work undertaken during the sampling stage quickly showed that in each of the three sites different arrangements had been put in place to deliver the URBAN II programme. During the fieldwork in Berlin, which was the first URBAN II site I worked on, I noticed that a number of organisational impacts on TSOs seemed to be attributable, at least to some extent, to the way in which LDPs had chosen to deliver their URBAN II programme. This created a dilemma because the analysis of programme structures and decision making processes associated with the allocation of URBAN II funding was not intended to form part of the study, yet was likely to influence the way in which TSOs would use the funding. Hence, my study was in danger of having insufficient contextual analysis to develop robust explanations about the causes of organisational change observed in TSOs.

Rather than changing the research design and the focus of this study, I tried to deal with this challenge by maximising the information I could obtain about programme structure and process during the limited interviews with Programme Managers and staff from public sector organisations, as well as TSOs. Prior to interviews I requested minutes of meetings, reports, and evaluations to gather as much contextual information as I could about the way the programme had been developed, was structured and was implemented. This then helped me to develop prompts to explore particular issues related to the management of the programme which arose in interviews with TSOs. I also analysed

programme level issues separately from TSO related organisational issues and presented the findings separately as well so that there was a clear distinction between contextual and organisational issues. Taken together, I believe that these actions went some way towards addressing the weaknesses inherent in the research design.

Reluctance to Answer Questions

While my skills in conducting interviews improved significantly over the duration of this study, there were a few instances where staff from public sector organisations avoided answering questions, despite assurances about the confidentiality of the interview. In these cases the interviewee seemed to want to give the ‘right’ answers to present either their organisation or the programme in a positive light, or avoided giving answers to some questions altogether. This reduced the value of some of the interviews that were conducted. Given that the number of interviews with public sector representatives was low, non-responses to certain questions limited the generation of insights even further with regard to how public sector agencies worked with TSOs. However, my limited resources did not allow me to conduct additional interviews with public sector representatives because this would have detracted from the main purpose of this study which was the identification of organisational change in TSOs.

4.5.2 Helpful Steps Taken

Doing a PhD study on a part-time basis covers a long time period during which many challenges and also delays in data collection are encountered. Having contemporaneous field notes was very helpful in many respects, including for the analysis of the data. Further useful steps I took included the use of an electronic data analysis tool and sharing the emerging outcomes of my study with other scholars.

Field Notes

I kept a separate journal for each of the three URBAN II sites in which I conducted my fieldwork. In these notebooks I recorded details of appointments for site visits or interviews, made interview notes and captured emerging ideas on some of the data I was collecting. These ideas and questions emerged from contrasting findings within an URBAN II site, but were at times triggered by issues I had come across in other URBAN

II sites. Therefore, at times I recorded ideas on how to explain findings weeks after the fieldwork in question had taken place. Being able to draw on field notes was of critical importance during the analysis stage, because it helped me to cast my mind back and to contextualise some of the problems or questions I had encountered during the field work, which in the case of Berlin had begun almost two years prior to the full data analysis taking place. My initial reflections on emerging findings in the field also proved useful later on in the study because the field notes helped me to pre-structure the data analysis. This in turn was of significant assistance in the development of codes for the analysis of the large amount of interview data I had collected.

Using Electronic Data Analysis Tools

The volume of data generated through the fieldwork was enormous, particularly when the data from the individual URBAN II sites was brought together in a cross-site analysis. The range of perspectives and depth of responses obtained required a prolonged immersion in the data for each case study organisation, and then a structured comparison across cases, and then across sites. Due to the volume of data collected, this process would have posed very significant challenges had it not been undertaken with the help of NVivo. Coding the same data under different categories, replicating and adding new categories and tracking how the coding of data evolved, could all be undertaken with relative ease and speed. The rigour and structure imposed by the software also supported a transparent analysis. Even at the highest level of abstraction, it was relatively simple to find the source of the relevant section of the interview transcription and review it in its context before certain quotations were elevated to encapsulate the key issues and concepts that had emerged.

Sharing Emerging Results

As there were very few established concepts and theories to guide my research, I found myself wanting to establish a dialogue with a wider range of scholars who were working in related fields to check and reflect on the insights that were emerging from my work. Encouraged by my supervisor, I drafted conference papers as I felt that there were issues or findings that could be discussed with other scholars. The topics on which conference papers were given included:

- Review of the literature on EU funding and TSOs (Schlappa 2005b);

- Conceptualising TSOs in a European cross-national study (Schlappa 2005a);
- Methodological issues in cross-national research (Schlappa 2007a);
- Emerging findings from fieldwork in Berlin (Schlappa 2007b); and
- Emerging findings on the co-production of services (Schlappa, 2008).

The drafting of conference papers was a useful process because it forced me to focus on specific aspects of my study, and to present my findings in a highly condensed format. In most cases the drafting of a conference paper required me to review additional literature and also to refine my arguments, all of which made a positive contribution towards this thesis.

Part II: Study Findings

In this Part II of this study the findings from the fieldwork undertaken in the URBAN II sites in Belfast, Berlin and Bristol are presented. The data for each site is presented in a separate chapter. Each chapter begins with a brief description of the city-wide context in which the URBAN II programme was located. This is followed by a description of three case study organisations which were selected in each site. The perceptions of study participants are then presented in two stages: First on the way in which the URBAN II programme was developed and implemented, which is followed by data on the organisational changes that were reported. Throughout each chapter quotations are used to illustrate key points that were made by study participants in semi-structured interviews. Each chapter concludes with an analysis of the findings, drawing out key issues in a preliminary discussion. The analyses from each site will be synthesised and discussed in Part III of this thesis.

Chapter Five: Findings from the URBAN II Site in Belfast

5.1 Introduction and Context

The city of Belfast is the capital of Northern Ireland, with a population of 270,000 residents. The City Council is a unitary authority with nine electoral wards. It is responsible for the provision of services, such as education, economic development, social care, youth and leisure service, and works closely with a range of public sector organisations, such as the health authority, development agency and housing associations. The City Council also works closely with a number of governmental departments for Northern Ireland which are answerable to the Northern Ireland Assembly (Belfast City Council 2006). Since the 1960s, Northern Ireland in general, and Belfast in particular, has suffered from intense sectarian violence between the two largest political and religious groups, the Catholic Nationalists and the Protestant Unionists. The violence between the two groups has resulted in the repeated suspension of the Northern Ireland Assembly, which in turn has led to direct control of the governmental departments for Northern Ireland through Westminster (Acheson, Harvey et al. 2004, p.28ff).

5.2 The URBAN II Programme in Belfast

North Belfast is one of the most deprived areas in Northern Ireland and has suffered disproportionately from sectarian violence between the Catholic Nationalist and the Protestant Unionist groups of the population. The URBAN II area has a population of 31,000 residents of whom 56% are Catholic and 44% Protestant. Seven major sectarian interfaces divide this area with 'peace walls'. There are a further 17 sectarian interfaces which residents avoid and do not cross. The area has the highest proportion of political deaths in Northern Ireland and a disproportionately high incidence of mental illness and suicide (Department for Social Development 2003).

The URBAN II programme in Belfast had the objective of regenerating parts of North Belfast into a safe and viable urban community. The programme pursued three strategic objectives, the first two of which were: *'The development of the social and physical resources of the area, and the development of the resources of local people to gain access to lasting employment opportunities.'* (North Belfast Partnership 2005, p.10). The third objective of the programme was to *'develop the technical competencies required for the effective and efficient implementation of the programme.'* (North Belfast Partnership 2005, p.12). The programme therefore had a specific emphasis on the inclusion of the local population and also on ensuring that the programme management function was in itself capable of delivering such a programme.

The proposal for the URBAN II programme in Belfast was developed by the North Belfast Partnership (NBP) in close collaboration with local TSOs and the Department for Social Development (DSD) and Belfast City Council. The proposal was submitted by the DSD and approved by the European Commission in 2001. The Belfast URBAN II programme received £6.5 million from the European Commission, which was matched with £5.5 million from public sector organisations and TSOs, creating a total budget of £12 million for the programme period between 2001-2007. The DSD was the managing authority for the URBAN II programme in North Belfast, while the NBP was responsible for the programme implementation (North Belfast Partnership 2003a).

The NBP was established in 1997 by the DSD, Belfast City Council, TSOs and local activists with the aim of creating a 'multi stakeholder partnership' to tackle deprivation and sectarian violence in North Belfast (North Belfast Partnership 2005). The NBP is a registered charity and company limited by guarantee, and is governed by a board of 24 members consisting of eight local councillors, eight representatives from governmental agencies, and eight representatives from TSOs, business and trade union organisations in North Belfast. With the advent of URBAN II, the NBP became a grant giving body, and increased its staff by 11, to a total of 25 staff. The 11 staff of the URBAN II Programme Management Team included the Programme Manager and project development, outreach and administrative staff.

The URBAN II programme was governed by the Programme Management Executive (PME) consisting of 12 members; five were members of the NBP Board, and the remaining seven PME members were recruited through advertisements and interviews which were intended to ensure a balanced representation of third sector, trade union and business interests on the PME. The PME was in effect the Local Development Partnership (LDP) which agreed strategy for the URBAN II programme, approved funding applications and reported to the main board of the NBP on programme delivery. The NBP in turn reported to the DSD as the accountable body (North Belfast Partnership 2003a; North Belfast Partnership 2003b).

The application process for URBAN II funding included formal calls for expressions of interest for larger projects, and workshops where assistance in drafting project proposals and completing the application forms was provided for TSOs which intended to develop smaller projects. The URBAN II Programme Management Team included four project development staff whose responsibilities included to support TSOs with their URBAN II applications and to assist them in developing projects which met the funding criteria. All applications were subject to a technical appraisal by staff working for the URBAN II Team, the detail of which varied according to the size and complexity of the project and the amount of funding requested.

There were three tiers of projects: large, small and community chest projects. For larger projects expressions of interest were invited prior to requesting detailed project proposals and funding applications. Small projects requesting up to £10,000 were subject to a

simplified application procedure, which was intended to reduce the administrative burden of making an application. The community chest provided grants of up to £5,000 to TSOs through a fast and simple application and approval process (Department for Social Development 2003; North Belfast Partnership 2003a; North Belfast Partnership 2005).

5.3 Key Characteristics of the Case Study Organisations

TSOs had a high profile in the delivery of the URBAN II programme and there was a wide range of potential case study organisations to choose from. The three case study organisations were chosen according to the procedure set out in section 4.2.2 and included:

- BEL1, an umbrella organisation of local TSOs concerned with the provision of services for young people;
- BEL2, an organisation that aims to support people suffering from bereavement related to suicide, and people in danger of committing suicide; and
- BEL3, a community centre on a small housing estate.

The key characteristics of these case study organisations and their URBAN II funded projects are presented below.

BEL1

BEL1 was an umbrella organisation for TSOs providing youth services in the Catholic Nationalist part of the URBAN II area. The organisation was founded in 1996 by approximately 40 local TSOs, many of which were still amongst its membership at the time of study. The governing body consisted of seven members drawn from the membership of BEL1. One of the founding members was a large independent youth club, and a key provider of youth activities in the neighbourhood. BEL1 rented its premises from this youth club, and the executive officer of the youth club was also a member of BEL1's governing body. BEL1 was a registered charity and at the time of data collection employed three full-time members of staff. The annual turnover at the time was £90,000, of which URBAN provided approximately half.

The URBAN II funding was awarded to establish a local transport service for individuals, schools, churches and third sector organisations located in the URBAN II area, which was

poorly served by public transport. The project aimed to help people on low incomes, particularly young people, to obtain and pursue employment or education opportunities in other parts of the city. The URBAN II grant funded a full-time transport manager, a minibus, mopeds and bicycles. The total project cost was £240,670 over three years, of which £115,522 was funded by URBAN II. Match funding was generated from service charges, other grants and staff time.

BEL2

BEL2 came about through the initiative of a resident of North Belfast who had lost his son through suicide. Following his son's suicide the father exposed the lack of support available for people who were in distress because they had lost someone through suicide. He became the founder of a campaign which challenged public sector organisations to invest more in bereavement services. This campaign achieved a high public profile and in 2002 the URBAN II Programme Manager seconded one of her Outreach Workers to support the founder. The URBAN II Outreach Worker helped develop the campaign for better bereavement services, and in addition provided direct support to individuals suffering from bereavement due to suicide, or who were in danger of committing self harm.

The founder and the seconded URBAN II Outreach Worker were the main activists in the project for over two years prior to obtaining URBAN II funding in 2004. They developed a steering group, obtained support from public sector organisations and secured premises which were given free of charge from a local housing association. The Steering Group which supported the project in its early stages consisted primarily of representatives from public sector organisations and other TSOs from the North Belfast area. As the project grew, the Steering Group became the Executive Committee of BEL2 and the number of public sector representatives was reduced in favour of people who had experienced the impact of suicide themselves. At the time of data collection the Executive Committee consisted of nine members: six representatives from families who had lost a family member through suicide; two Presbyterian ministers; and one local politician. The Executive Committee was chaired by the founder and advisers were drawn in as and when required. The seconded Outreach Worker from the URBAN II Programme Management Team was a permanent adviser to the Executive Committee.

BEL2 was an emerging organisation at the time of data collection. It was in the process of being incorporated as a limited company and an application for registration with the Charity Commission had been made. As BEL2 had no independent legal status the NBP acted as the banker for the grants and donations that were received by BEL2. A small URBAN II grant of £10,000 had been approved to develop a volunteer task force and to improve its premises. The total cost for this project was £20,000, with the match funding coming from volunteer time given to the project. At the time of data collection BEL2 had no turnover as such, only the URBAN II grant and donations amounting to less than £5,000 in total.

The URBAN II funding was used by BEL2 to pay for minor refurbishments of the new premises, and a volunteer training programme. The volunteer training programme aimed to enable volunteers to provide emergency assistance to people in distress. This training project generated a pool of 240 volunteers who, at the time of data collection, were in the process of being organised into neighbourhood response teams to provide 24 hour emergency support. BEL2 did not employ or receive funding for staff. Instead the project relied mainly on volunteers but it had recently been successful in securing the secondment of a full-time administrator from the Health Authority. There were also five regular volunteers working at the premises; receiving visitors, preparing meetings and generally maintaining the premises as a drop in centre for people in need.

BEL3

The purpose of BEL3 was to provide community facilities for the residents of a housing estate with approximately 800 residents. This housing estate had a reputation for being a stronghold of paramilitaries from the protestant-unionist community and was largely isolated from the catholic-nationalist communities which surrounded it. BEL3 started in 1993 as a community group and was constituted in 1995 as a charity and company limited by guarantee. Since then, BEL3 had had three community development workers who were funded by the city council. Due to successive cut backs BEL3 had had to resort to charitable funding to pay for their community development workers. Its management committee consisted of 16 members, who were drawn from local residents, the local school and the local church. BEL3 was supported by 18 regular volunteers who were

local residents, eight of whom were working on an unpaid full time basis for the organisation and were also members of the management committee.

BEL3 provided a range of activities, such as a computer training and job search service, mediation work, a crèche and mothers and toddlers group, as well as a youth club. Public sector organisations also used the building for their outreach work. The organisation received a number of grants. The largest grant from a philanthropic foundation allowed BEL3 to employ a Community Development Worker for two years. However, this funding had run out six months prior to the study, and the Community Development Worker continued to work as a volunteer on a full time basis.

BEL3 received three grants from URBAN II, two for the refurbishment of their community centre and the other for a project aimed at mapping local needs. The thematic mapping of local needs was the most significant URBAN II funded project and formed the focus of this study. The mapping project was aimed at enabling residents to tackle their social and economic exclusion and included: training of volunteers in survey and consultation techniques; a survey and a consultation process on the causes and consequences of social and economic exclusion, which lasted 12 months; and a programme of meetings and presentations to public sector organisations which were intended to obtain additional input from them to address the needs that were identified through the mapping project. The total costs of the projects were £48,252, of which URBAN II funded £46,599 over three years. The match funding was provided through volunteer time. The annual turnover of BEL3 varied significantly, largely depending on the project work that was undertaken and whether staff were being funded. At the time of data collection the turnover of BEL3 was approximately £48,000, of which URBAN II funding formed the largest part.

Summary of Key Characteristics of Case Study Organisations

In line with the methodological principles set out in Chapter Four, the choice of case study organisations was deliberately aimed at including TSOs with contrasting characteristics. In Belfast important contrasting characteristics were related to the communities TSOs served as well as their organisational roots and purposes.

Table 5.1 provides an overview of the key characteristics of the three case study organisations chosen for the URBAN II site in Belfast.

Table: 5.1 Key Characteristics of TSOs Studied in Belfast

	BEL1	BEL2	BEL3
Organisational Purpose	Co-ordination and maximisation of funding opportunities for local TSOs	Provision of support for people who are vulnerable to, or suffering bereavement from suicide	Provision of community facilities on small housing estate
Founders	TSOs	Person whose son had committed suicide	Local residents
Legal status	Registered charity and company limited by guarantee	At time of study the organisation was unincorporated and the funding was administered by the URBAN II Programme Manager	Registered charity and company limited by guarantee
Governing body	Representatives of TSOs	Users, church staff, local politician	Local residents
Staff	3	Two staff seconded from the PCT and URBAN II Programme Manager	None
Volunteers	N/A	5 regular, plus pool of 240 providing outreach	18 regular
Purpose of URBAN II project	Provision of community transport	Provide training to volunteers to support vulnerable people	To identify and 'map' the social, economic and physical needs of the people living on the housing estate
Total project cost	£240,670	£20,000	£48,250
URBAN funding	£115,000	£10,000	£46,000
Annual Turnover	£90,000	There was no other funding than URBAN II, apart from approx. £5,000 in small donations	£48,000

5.4 Programme Level Issues

This section begins with the presentation of data collected from public sector officials and the Programme Manager about their perspectives on the benefits derived from the URBAN II programme, their own role, and the role of TSOs in programme delivery. This is followed by the presentation of data on the perspectives of third sector interviewees about programme level issues.

5.4.1 Perspectives of Programme Management and Public Sector Officials

The perceptions presented in this section are based on two interviews with programme management and public sector staff. The Programme Manager was a senior member of the management team of the NBP and had been involved in the development of the

URBAN II programme from the beginning. The official from the public agency fulfilled a senior role in the DSD of the Northern Ireland Government Office. Because of the political and administrative situation in Northern Ireland, the Government Office had taken the lead in the development and delivery of the URBAN II programme rather than the local authority. The findings from these interviews are presented under the following headings:

- Role of the Programme Manager in the delivery of the URBAN II programme;
- Role of TSOs in the delivery of the URBAN II programme; and
- Benefits derived from the URBAN II programme.

Role of the Programme Manager

The URBAN II Programme Manager considered herself and her team as a resource for the local community, thus supporting the achievement of the overarching goals of the NBP which were to tackle deprivation and sectarian violence in North Belfast. While strategy development and the building of bridges across fragmented communities were part of the rationale that led to the establishment of the NBP, the resources provided by the URBAN II programme were seen as an opportunity to sustain those processes in the long term:

“We are not just a distributor of funds. We are a regeneration resource for the community of North Belfast. This is a difference between the approach taken by statutory organisations. URBAN is not about administering grants, that’s part of it, but it’s about doing that in a way which will have a long lasting impact on the people and community organisations in North Belfast.” (Programme Manager)

In addition, the NBP and the URBAN II Programme were considered to be structures through which local communities could make their voices heard. The NBP was described as having an advocacy role for the local community, and the URBAN II grant had put the NBP in a position where it had an obligation to further develop relationships between TSOs and public sector organisations. Providing funding and supporting particular projects was part of this process, but on its own this was not considered sufficient to bring about a sustainable regeneration of North Belfast URBAN II area:

“If you run a programme like this you have to listen. You should understand the people and feed that back to people. But the bigger challenge is having their permission to do

that. So it's not just your ability to be an advocate, it's the fact that the community will trust, respect and empower you to speak on their behalf. The [URBAN II] money gives you access into the community and therefore you would hope if you take a good approach to managing that money, the community will build a relationship with you." (Programme Manager)

With regard to the support of TSOs and the associated aim of sustaining the impact of the URBAN II programme, the Programme Manager saw URBAN II as only the beginning of a process through which the capacity of the local community could be built. Hence, the NBP was seen to have an obligation to find ways of continuing to support local communities beyond the duration of the URBAN II programme:

"So, if you are working in an area that has particular challenges in terms of community capacity you can't walk away when the funding runs out." (Programme Manager)

Role of TSOs in the Delivery of the URBAN II Programme

Public sector officials considered TSOs to be an important bridge between public agencies and residents who lived in the deprived neighbourhoods of North Belfast. The status TSOs had in regeneration initiatives was reflected in the NBP being the accountable body for the URBAN II programme. Furthermore, the local community had a strong presence on the PME and the governing body of the NBP, thus giving local people and TSOs a range of opportunities to influence the way the URBAN II programme was designed and delivered. This was seen to be one of the reasons why many funding decisions were made in favour of local TSOs:

"Because of the nature of the Partnership Board and the PME there was a strong voice to give money to the community. While I think we've got the balance better than some of the other UK programmes, I think maybe ours has been skewed too much towards community, whereas some of the other programmes have been skewed too much towards statutory and private, you know." (Official, public agency)

Ensuring that smaller TSOs working in deprived communities were involved in the developmental stages of the programme was an agreed objective for the URBAN II programme. The staff and governing body of the NBP recognised that it was smaller TSOs which were providing the crucial routes into marginalised communities, but that

these TSOs needed support in securing URBAN II funding and also in using it effectively:

“Right from the start, even before the application was made, we would have said that if the reason for the URBAN II programme is disadvantage, we can’t deliver a programme which doesn’t recognise people’s limitations in managing the funding. We need to deliver a programme which maximises people’s ability to access the funds. It’s hard enough working out there without piling the EU bureaucracy onto them.” (Programme Manager)

However, despite the importance that was attributed to local TSOs in delivering interventions for the benefit of fragmented and deprived communities, there was also a clear acknowledgement that the work of TSOs could and should only complement the services that public sector organisations had a responsibility to provide. TSOs were considered to have a lead role in working with their local communities to engage them in the regeneration process, but should not be made responsible for the resolution of the problems that were encountered in North Belfast:

“I think that given the regeneration issues that affect this community, the community should not take on the responsibility for tackling these issues. They can’t do it. They need support from all sectors, including public and private sector investment.” (Programme Manager)

Benefits Derived from the URBAN II Programme

The additional resources from URBAN II were perceived to have enabled the NBP to increase its profile in the locality and develop its networks with TSOs, in particular smaller TSOs. Links between the NBP, local politicians and public sector organisations were also thought to have improved through the URBAN II programme because the programme required a high level of joint decision making which brought key actors closer together. In addition, by engaging with the people who became members of the PME, the local community became closely involved in decisions about how URBAN II funding should be spent. The development of closer links with the local community in North Belfast was considered an improvement of the governance of the NBP and a benefit in its own right:

“Strengthening partnerships like the NBP is an important output of the [URBAN II] programme.” (Official, public agency)

5.4.2 Programme Level Perspectives of Third Sector Interviewees

The data show that obtaining URBAN II funding was only one way of benefiting from the programme. The approach taken by the URBAN II Programme Manager in working with TSOs was also reported to have been especially helpful with regard to their:

- Organisational development, and
- Claiming and reporting procedures.

Organisational Development

The URBAN II Outreach Worker who was seconded to BEL2 had substantial freedoms to decide how the organisation should be supported. Working alongside the founder she supported people who were suffering from bereavement while raising awareness of the need for such services amongst politicians and public sector organisations. In addition, the Programme Manager took on the role of ‘banker’ for the URBAN II grant and other funds the organisation was receiving, thus avoiding an early formalisation of the project and protecting volunteers from having to invest their time in the development and maintenance of administrative systems. Instead, volunteers were able to focus their energies on providing services. This was seen as ‘safeguarding’ the spirit and the purpose of the project:

“This project was never money drive. It was here because there was a need. We didn’t just set up and get a constitution to draw down money. It was never about that. It’s about people. In looking back I think that was probably the right thing to do. If [BEL2] actually did become a money grabbing organisation I wouldn’t want to be part of that because [BEL2] is about getting people involved and it’s about empowering people.” (Project Worker, BEL2)

Access to the skills and capacity of the Programme Manager, and knowing that the Programme Manager would help with the current URBAN II project as well as future projects, were important for BEL3. Here the Programme Manager helped to build organisational capacity to manage a European Union funded project, by supporting the establishment of programme monitoring and reporting systems, and by sharing a platform with BEL3 which gave it credibility and access to a wider audience:

“The money that they gave us was a pittance. It probably wouldn’t have made a difference if we’d have got it from another organisation. But because of the way they have

administered the money and because of the way they've offered us support and because of all of that it made a real difference. We're even on their website. So that type of stuff - it's about more than the money. It's all those other things. We now have a relationship with them and they are quite prepared to do stuff with us." (Project Worker, BEL3)

Claiming and Reporting Procedures

Study participants did not report any particular challenges arising from the processes they had to go through to evidence their project activity and to claim their grant. Overall the reporting and claiming processes were described as simple and 'user friendly', thus avoiding the TSOs having to develop elaborate systems and employ additional staff to fulfil the contractual requirements associated with European Union funding. Where problems did occur the Programme Manager was seen to be supportive and helpful: *"I would say, our experience of URBAN II in regard to reporting, claiming and our returns to get regular funding, has been very good. There has been very good, great support from individuals from within the URBAN II office."* (Board Member, BEL1)

"It's very simple to do the quarterly returns. The forms are very good." (Project Worker, BEL2)

5.5 Perspectives on Organisational Change

In this section I present data on organisational changes which were perceived by TSO study participants as being related to the URBAN II funding they had used. I first present data on the benefits that were identified by study participants in section 5.5.1 below. This is followed by the presentation of data on the challenges that were encountered in section 5.5.2.

5.5.1 Benefits Encountered

TSO study participants reported a wide range of benefits to their organisations arising from the use of URBAN II funding. The most important benefits were related to an increase of organisational capacity, including the development of structures and processes to provide new services, and also the improvement of the governance of their organisation. In addition, study participants reported that their organisations had benefited from improved links with their social and institutional environment, including with public sector organisations. Another benefit was related to the development of volunteers and

volunteering. The specific benefits identified by study participants are presented under the following headings:

- Development of new services;
- Development of volunteers and volunteering;
- Development of organisational structures and processes;
- Development of the governing body;
- Strengthened links with the local community;
- Strengthened links with public sector organisations; and
- Strengthened TSO networks.

Development of New Services

In the case of BEL1, the funding provided an entirely new transport service for the people living in the neighbourhood served by BEL1. Users paid a subsidised fee for the hire of a moped or a bicycle to get to work and college, or for the minibus transport service. The minibus service in particular was seen as vital for people with limited income to make connections outside the neighbourhood. Particularly younger and older people relied on the minibus service:

“The bus is the only way out of this neighbourhood once a week.” (Project Worker, BEL1)

BEL2 received funding to part-finance the development of a neighbourhood response team to provide a 24 hour emergency service for people in distress. This neighbourhood response team consisted entirely of volunteers who received training, equipment and other support which was funded through URBAN II. While the financial investment made by URBAN II was modest, it significantly increased the capacity of BEL2 to connect people in distress with services provided by public and other third sector agencies. This increase in capacity was a step change for BEL2 because the organisation had been running for over 18 months with just the founder who did most of the work providing support for people in distress with support from the URBAN II Outreach Worker. The use of the URBAN II funding was carefully planned and intended to achieve an increase in organisational capacity without undermining the volunteer based ethos of the organisation:

“Even though it was a small piece of money, with us actually drawing the money down from Urban II, it meant that we could do significantly more.” (Project Worker, BEL2)

In the case of BEL3, the URBAN II grant supported the delivery of a capacity building initiative to enable residents to challenge public sector organisations to provide better services. In addition, the URBAN II project was intended to enable local residents to improve their living conditions themselves. Some of the URBAN II funding was used to engage community development consultants to train volunteers in undertaking a needs assessments, including consultation, data collection and data analysis techniques:

“The criteria was that we wanted to, I suppose develop a better infrastructure in terms of community infrastructure. We wanted to build capacity. We wanted people to be able to, people who lived in this community to be able to engage with statutory agents, local government, national governments and international governments and we felt that URBAN would be an opportunity to do that”. (Project Manager, BEL3)

Development of Volunteers and Volunteering

Volunteers were the main source of labour used by BEL2 and BEL3 to deliver their URBAN II funded project. In these organisations there was a strong view that volunteers should gain benefits from their involvement for their personal development and also that they should be supported in their transition into paid employment. The data suggest that paid and unpaid workers in these two TSOs had an acute awareness of the processes that help and hinder in the engagement of volunteers. Paid and unpaid workers aimed to have a reciprocal relationship between the support the TSO received from volunteers, and the benefits the volunteers derived from participating in the URBANII funded project. Resources other than URBAN II funding were drawn upon to create these exchange benefits for volunteers:

“So the neighbourhood response team when you become a volunteer, we will be offering A, B and C training, so that is going to put people in a position to maybe feel that they have skills in that area of work that might lead on to them actually going to further education or a job. ...One of the other things that I’m adamant about is that there’s support for the volunteers, such as off line supervision, complementary therapies. There has to be something in it for them. Incentives, I think that’s important.” (Project Worker, BEL2)

In BEL3, volunteering was seen as enabling people to take responsibility for their local circumstances. The URBAN II project provided an opportunity to give volunteers as much ownership as possible over the identification of needs and the development of potential solutions to address them:

“Whereas in other projects what happens is, everything that comes in is taken by the worker and nobody actually sees anything. So, he decides whether they do or whether they don’t get involved. What I try to do here is, that whenever something comes in I try to say, ‘OK. Can I hand this straight over to one of the thematic strategy groups?’”

(Project Manager, BEL3)

Development of Organisational Structures and Processes

Organisational structures and processes changed in all three case study organisations as a result of delivering the URBAN II funded project, creating positive impacts.

In the community transport project BEL1, these changes involved the creation of a new full time post, the purchase of expensive equipment, and an entirely new service. This was seen to improve the capacity of BEL1 to deliver services for public sector organisations, and thus provide income in the future. It was freely acknowledged that the transport service marked a radical departure from the original goals and purposes of the organisation:

“The community transport programme was completely incidental to our mission.”

(Director, BEL1)

In the case of BEL2, organisational structures emerged as the project developed. Initially all work was done through informal arrangements between the URBAN II Outreach Worker and the founder. But with the development of the neighbourhood response team and the provision of premises which were used by public and third sector agencies, the volume and range of activities grew so significantly that additional administrative support was required. The URBAN II Outreach Worker negotiated funding from the local health authority, to pay for a post to co-ordinate and administer the rapidly growing number of volunteers and services that were provided from the premises:

“We didn’t have volunteers as such prior to last year. It was still very much a two-man show, [the URBAN II Outreach Worker and the Chair] did all the work themselves. ... We’ve now trained 208 people in North Belfast, so this is the start. This is our pool of volunteers.” (Project Worker, BEL2)

Prior to the advent of the URBAN II project, BEL3 was run by a governing body, described as a ‘clique’ of residents who provided activities in the community centre which were poorly used by local residents. With the advent of URBAN II, new volunteers from the estate were recruited, primarily to undertake a needs mapping exercise. The intention was to structure the URBAN II funded work in such a way that it would broadly mirror key public services, such as education, health, employment, housing, social care and environment. Volunteers were organised along six strategic themes, and for each theme a working group was established, led by one of the local residents. Each lead volunteer was ‘buddied’ by an officer working for a relevant service department in a public sector organisation:

“I think that what we’ve tried to do is that we’ve tried to say that if we’re going to work with statutory agencies in government departments that we need to be able to claim that we’ve got the structures in place and that people know what their roles are, and things like that.” (Project Manager, BEL3)

Development of the Governing Body

The governing body of BEL3 was described as being originally controlled by a ‘clique’ of residents who pursued ‘their own agenda’ to the exclusion of the majority of the residents on the estate. With the arrival of the Community Development Worker and the start of the URBAN II project, the membership of the governing body began to change. At the time of data collection the governing body included six residents, each leading on one of the six strategic themes and associated working groups, plus a number of representatives from local third sector groups. This development of the governing body was considered to be one of the reasons why there was a strong and growing support for the work of BEL3 on the estate:

“There was three quarters of the residents actually made an effort and took part at some stage over the weekend. There was three quarters of this whole community actually took

part in it and that's saying something! We must be doing something right." (Volunteer, BEL3)

In the early stages of the development of BEL2 the governing body was dominated by staff from public sector organisations and TSOs. With the development of the URBAN II funded neighbourhood response team project, the chair started to change the composition of the governing body to ensure that strategic decisions would reflect the perspectives of users, rather than those of public sector organisations. The revised structure of the governing body included two advisors who were health care practitioners; one local politician; two Presbyterian ministers; and six family members who had lost someone through suicide, one of whom was the chair:

"The problem was there was an Executive Committee but the Executive Committee hadn't lost anyone [through suicide]. ... so I was more or less trying to change the format so that we could bring more families in. It was the families that needed to direct this whole project in the way that it needed to go." (Board Member, BEL2)

The governing body of BEL1 consisted of representatives of the TSOs it was serving. There did not appear to have been changes in the composition of development of the governing body as a result of the URBAN II funded project that was being delivered.

Strengthened Links with the Local Community

In all three TSOs, study participants reported an increase in the level of engagement with their local community. For the transport project BEL1, this expressed itself in the improvement of links with community groups, schools and individual residents who used the transport services and who had had little contact with BEL1 prior to the URBAN II project.

For the community development project BEL3, the support from residents had increased substantially through the URBAN II funded mapping of local need. A large majority of residents had become engaged in the consultation and mapping process, and the number of volunteers willing to contribute their time and expertise to the work of BEL3 was also growing. Rather than just taking part in leisure activities provided in the community

centre, local residents now came together to decide how best their social, economic and environmental problems could be tackled:

“People were not involved in activities, In other words people would have come into the community house and they would have maybe done a bit of sewing or a bit of knitting but it had no purpose in it. Whereas everything we do now has a purpose.” (Volunteer, BEL3)

In contrast, BEL2 was aiming to support a community of ‘need’ rather than a community defined by geographical boundaries and religious or political conviction. The degree of success of the project in working across the divides of Protestant and Nationalist communities surprised the projects’ activists:

“What happened was just unbelievable. People from the Protestant community were phoning us and we were going into Protestant areas and I have to say coming from a Nationalist community, I had never been in some of these streets and they were probably only a stone’s throw away from my home.” (Board Member, BEL2)

“No matter who you talk to, the strength, how people talk about this place is just phenomenal. How everybody supports it. Talk to anybody in this area, [BEL2] it’s so well known. It’s just crazy.” (Volunteer, BEL2)

Strengthened Links with Public Sector Organisations

The project activity funded by URBAN II led in all three cases to a significant strengthening of contacts between the TSOs and public sector organisations. As a result of the URBAN II project, officers from a wide range of public sector organisations were reported to have a better awareness of the work that was being done by the TSOs. A number of examples were given where staff from public sector organisations were actively contributing to the development of existing services provided by TSOs, and were providing advice on the development of future projects:

“It’s a total benefit to us. The statutory users have signed up that they use the bus: the city council, Belfast Education and Library Board through youth organisations has signed up. There is a total benefit to us, there is no doubt about that.” (Director, BEL1)

“In my view, as I’ve said, it’s brought lots of benefits. ... It has allowed us in many ways to build capacity and it has also given us an opportunity with them [public sector organisations], not just to talk about money but also get advice, support and help in terms of future projects.” (Project Manager, BEL3)

The benefits obtained from public sector organisations were also carefully weighed up, and close attention was paid to the extent to which the support they offered could turn into a method of controlling the work of TSOs:

“What’s really luxurious about it at the minute, is that you have key people from statutory organisations involved at a committee level and forum levels so they advise them. It’s brilliant. We have access to a lot of expertise but not to the point where the advisors from agencies are managing us.” (Project Worker, BEL2)

Strengthened TSO Networks

The TSOs studied had extensive third sector networks, and having such networks was seen as being just as important as having funding. However, contacts and networks had, prior to the URBAN II funding, tended to be organised along lines drawn by geographic or religious and political communities. The development of cross community relationships through URBAN II was therefore considered a substantial benefit:

“It has increased our exposure to other community organisations in North Belfast. The membership is 50% from within this area and 50% from without. So there is over 30 organisations that are from other areas in North Belfast, other Protestant and Nationalist areas that have the same problem as we here. So the project has given us the opportunity to build new contacts and create new relationships with other groups.” (Director, BEL1)

5.5.2 Challenges Encountered

Study participants also identified a number of challenges which were directly related to the URBAN II funded project they were delivering. The most significant challenges encountered by TSOs were related to striking a balance between working with and drawing on the resources of public sector organisations, while remaining independent from them. Further challenges arose from having to deal with rapid and significant organisational growth resulting from the activities that were being funded with URBAN II. There was also some concern among all three TSOs studied about how their URBAN

II funded work could be continued once the programme closed, and indications of competition between TSOs for funding. The challenges that were identified included:

- Maintaining independence from public sector organisations;
- Developing collaborative relationships with public sector organisations;
- Managing organisational growth;
- Sustaining newly developed services; and
- Competition for funding.

Maintaining Independence from Public Sector Organisations

Using funding that was ultimately controlled by public sector organisations, such as URBAN II, while maintaining independence from them, was considered important by the three TSOs studied. Study participants showed a strong sense of accountability to their local community, which was associated with seeing themselves as an advocate for the needs of local people. Although funding from public sector organisations was needed, attempts by public sector organisations to exercise greater control over TSOs was seen as potentially counter productive, because TSOs might decide to forego funding opportunities if the resources required to secure and manage them were considered too detract energies away from the main purpose of the organisation:

“Funders are becoming more demanding. They are dictating what happens. I could spend all my time going to partnership meetings and account for my time. But I haven’t got time for this. Every ounce of my energy goes into supporting young people in this area. I have no time for anything else.” (Board Member, BEL1)

Public sector organisations appeared to be wanting to ‘invest’ in BEL2 because it reached deep into a target group that public sector workers struggled to reach. There were tensions arising from the desire to utilise support from public sector organisations, whilst also remaining independent from them. The leaders of BEL2 felt that their work should be done as closely as possible with and for local people. The ‘professionalisation’ of services which often resulted from accepting governmental funding was something the founder wanted to avoid because this was considered to lead to a reduction in accountability to, and support from, the people in the communities BEL2 was serving:

“I don’t want to ever lose the community aspect. You can easily lose the community aspect; the more professional you become the more distant you become. I suppose at the

end of the day, that has happened to all sorts of organisations. But as long as [the Outreach Worker] and I are here, we will keep this as grass roots and to the community as we possibly can because at the end of the day, it's the community that's built us up. It's the community that has supported us and so we owe it to the community to make sure that we're there for them." (Board Member, BEL2)

Developing Collaborative Relationships with Public Sector Organisations

The development of collaborative relationships with public sector organisations was considered important by most study participants. Although many described public sector organisations as supportive and sympathetic to their cause, some study participants reported that relations with public sector organisations could at times be difficult and antagonistic. Study participants spoke about the need to use the URBAN II funding to help achieve a balance between challenging and working with public sector organisations. This included offering practical support to public sector agencies in order to make them do the things that local people considered important:

"The point is that we need to be working with these agencies and we need to give them not only the confidence to do that, but the where-with-all, the networks and everything else they need to work with us." (Project Manager, BEL3)

The data also suggest that obtaining funding from public sector organisations was not the primary motive for TSOs. They were aiming to develop collaborative relationships with them to ensure that public sector organisations 'did their job' while their own work was seen as complementary to public sector interventions:

"What we're doing is asking for those people [from public sector organisations] to come in and do the work. We weren't asking for money." (Project Worker, BEL3)

"That's why we turned around and said, that handing over the money doesn't mean that you wash your hands of the responsibility. The responsibility can't be put on the community and this is what they were trying to do. And we said, "No, no, no that cannot happen", because at the end of the day, we can only do so much. At the end of the day, the government can't come shouting at us here if the suicide rate hasn't dropped. We can only do the work that we can do but at the end of the day, there needs to be professional services." (Board Member, BEL2)

TSOs were happy to assist public sector organisations in getting access to people from their community, but did not think that TSOs should or could do their work for them: *“And if you push them in a positive, collaborative way, it’ll happen. If you push in a way where you’re being aggressive and say, ‘You should do this’, they’ll not do it. They say they don’t have the staff and it’s like the old thing. ...I think that a lot of people in these agencies say they can’t do it because they don’t have the contacts, they don’t have inroads, they don’t have the credibility. They don’t have all of those things and what they need is for people to actually in many ways, clear the way for them to do it. So, it needs to be done in partnership. I prefer to call it, it needs to be done collaboratively.”* (Project Manager, BEL3)

Study participants from TSOs also identified the need for both public sector organisations and TSOs to reflect on the effect their collaboration might have. While governmental agencies might provide funding with the best intentions, funding relationships between governmental agencies and TSOs have been found to undermine the ability or willingness of local people to continue to give their support the TSO or their causes because the funder was seen to control their work, rather than local residents:

“Within my community in Upper Ardoyne, people have done things voluntary all the time and they always worked better. You see as soon as the government actually started putting money into organisations, things started to crumble a bit because at the end of the day then it became a paid post and money started to dictate what was going on.” (Board Member, BEL2)

Managing Organisational Growth

In all three TSOs studied, there was evidence of challenges arising from significant organisational growth which resulted from the URBAN II funded project they were delivering. Key challenges included the administration of the project and the management of volunteers.

In BEL1, the monitoring and reporting requirements associated with the URBAN II funded project led to the establishment of new administrative systems. The URBAN II project also led to an increase in the volume of work that was done, which in turn further

increased the administrative requirements of the project, such as the establishment of booking and accounting systems for the community transport service. These organisational developments placed strain on existing systems and also had implications for the Director of BEL1, who had to invest extra time on the administration of the project:

“The community transport project has completely changed my role. This project has just massively increased our administration, our monitoring and reporting. Personally it’s quite cumbersome. It has increased my workload vastly, it’s probably now half of my workload.” (Director, BEL1)

Challenges arising from the growth in the number of volunteers led to an increase in the amount and the diversity of the work undertaken in BEL2 and BEL3. Both TSOs tried to ensure that their volunteers received training and support to undertake the tasks associated with the URBAN II project. However, volunteers reported that they were overstretching themselves because they wanted to give their best, but the project was so demanding that they were in danger of burning themselves out:

“I once had to take a week off because I was absolutely burned out.” (Volunteer, BEL3)

“We have to be careful that we don’t destroy ourselves.” (Board Member, BEL2)

There was also a recognition that working through volunteers alone was limiting the extent and speed to which services could be provided and project work undertaken:

“The way I see [BEL2] at the minute is, yes, I would like to see us with maybe another two people working in here. I think we can work more professionally. I think we’ve been doing all right to be honest with you in the way we’ve been going, but I have to say, it is a struggle because you can see for yourself, I’m running from one job to another to get here. I was out from 7:00 yesterday morning and I was here until 9:00 last night and I had no dinner, no lunch.” [Board Member, BEL2]

“I think if we had been full-time workers doing this, this would have been up and running a lot quicker and probably a lot of that stuff would be happening a lot faster on the ground.” (Volunteer, BEL3)

Sustaining Newly Developed Services

The TSOs studied had different experiences trying to secure the continuation of their URBAN II funded services. The data suggest that the way in which sustainability posed a challenge was linked to the purpose of the TSO and also whether URBAN II funding had been used to employ staff on which the delivery of the project depended.

In the case of BEL3, sustainability was not perceived as being about the future continuation of the organisation once URBAN II funding had run out. Instead, enabling local residents to build their community, and having the capacity to negotiate with public sector organisations and other services providers, was considered to be the way in which the improvements created through URBAN II funding would be sustained in future:

“In terms of sustainability I find a lot of my colleagues in this type of work are talking about sustainability of their organisation rather than sustainability of the community. What I would hope is that the people, not me but the people, will have developed that sustainability for themselves.” (Project Manager, BEL3)

For BEL2, the continuation of the service provided through URBAN II was inextricably linked to the support that was received from volunteers, including service users. There was concern over losing flexibility and becoming an inflexible, bureaucratic organisation if BEL2 was drawn into too close a relationship with public sector organisations. Rather than providing a ‘mainstream’ service funded by public sector organisations, BEL2 wanted to strike a balance between using public sector resources and maintaining independence so that volunteers and users could respond to needs as they saw fit:

“I don’t think that funding and resources are the be all and end all because we’ve seen a big success here with very little funding and resources. If it went mainstream I would just hate [the URBAN II project] to be soaked up with bureaucracy. Yes, soaked up with administration and just having to jump through loopholes to buy a teabag.” (Volunteer, BEL2)

The transport project in BEL1 faced a very different challenge. The project had been initiated because local people were poor and could not afford the commercial rates of transport services in the city. Users were not able to pay the full cost of the service, hence the income generated was insufficient to cover the running costs. Consequently the future

of the transport project depended on the ability of BEL1 to secure government funding to subsidise the running costs of the transport service once the URBAN II grant had run out: *“Community transport is notoriously hard to fund and unpopular with the funders because of the nature of the capital that they have to fund. Our exit strategy at the minute is keep identifying funding streams that are supportive of community transport initiatives. The project needs full time co-ordination, it needs time to do the booking and the maintenance. The number one priority is to sustain the post of the community transport co-ordinator.”* (Director, BEL1)

Competition for Funding

The case of BEL1 shows that obtaining URBAN II funding can lead to tensions with other TSOs who would otherwise be considered collaborative partners. During the project development phase, a consortium of TSOs collectively supported BEL1 in developing the proposal for the community transport service and URBAN II funding. However, when the bid was successful BEL1, being the applicant, accepted the funding and decided to deliver the project on its own. This resulted in a breakdown in relationships between BEL1 and its former partners:

“When we proposed the research everyone was very supportive of it. When we produced the research everyone was delighted with it. But when we said we go away and make an application and we are going to try and deliver a community transport project there were a lot of dissenters at this stage. ... Everyone is watching their own back.” (Director, BEL1)

5.6 Analysis of Findings

The findings from the fieldwork in Belfast suggest that TSOs were affected by URBAN II in a wide range of ways, both directly through the URBAN II funded project they delivered, and also indirectly through the way in which the URBAN II programme was set up and implemented.

Substantial organisational change was observed in all three TSOs, and although many of these changes were perceived as beneficial, the TSOs studied also had to deal with some significant organisational challenges. Many of the identified organisational benefits and challenges were encountered by more than one TSO, despite the organisations being

different in important ways and the different amounts of URBAN II funding made available to them. Table 5.2 provides an overview of the challenges and benefits that were perceived and reported by study participants in Belfast.

Table: 5.2 Perceived Benefits and Challenges in Belfast

Perceived Benefits	Perceived Challenges
Development of new services	Management of organisational growth
Development of organisational structure and process	Maintaining independence from public sector organisations
Development of volunteers and volunteering	Developing collaborative relationships with public sector organisations
Development of the governing body	Competition for funding
Strengthened links with local residents	Sustaining new services
Strengthened links with public sector organisations	
Strengthened TSO networks	

In the following sections the identified benefits and challenges are drawn together and subjected to a preliminary discussion to explore how URBAN II funding affected the TSOs studied. This analysis is undertaken in relation to the organisational elements identified in section 3.5 of the conceptual framework. The provision of services emerged as being of central importance and although service provision relates to all organisational elements identified by Scott (2003) this topic is discussed here as a separate issue. The analysis of organisational changes is therefore presented under the following headings:

- Organisational participants;
- Structures and roles;
- Systems and resources;
- Services;
- Governance and goals; and
- External environment.

5.6.1 Organisational participants

The three case study organisations had very different characteristics with regard to their organisational participants. BEL1 supported a number of smaller TSOs in the neighbourhood, but relied entirely on its paid staff to do its work. In contrast, BEL2 was heavily reliant on volunteers and paid staff which were seconded from other organisations, while BEL3 was run entirely by local volunteers.

URBAN II funding led to an increase in the number of organisational participants in all three TSOs, which in the case of BEL2 and BEL3 was substantial. Such increases did not come about through the recruitment of paid staff, which was modest. Only BEL1 recruited a member of paid staff to deliver their URBAN II funded project, while the paid staff working for BEL2 was not actually employed by the TSO or funded by URBAN II, but seconded from the local health authority and the Programme Manager. BEL3, in contrast, did not have any paid staff.

The involvement of volunteers, on the other hand, was substantial and led to significant organisational growth in BEL2 and BEL3. In both cases the URBAN II funding was used to develop the personal skills and abilities of volunteers or volunteers and support was provided by paid members of staff who took on administrative tasks. While the URBAN II funding was important to support the development of new activities, BEL2 and BEL3 seemed to rely less on the availability of funding than on the support of volunteers to do their work. The situation for BEL1 was rather different. Here the increase in organisational participants was modest, despite a much larger URBAN II funding allocation, and the result of the recruitment of a paid member of staff.

Overall the findings show that URBAN II funding had a substantial impact on the growth in volunteering while the recruitment of paid staff with URBAN II funding was limited to just one post.

5.6.2 Structures and Roles

At the time of data collection the case study organisations were at different stages of development. BEL1 was an established local TSO which had been securing funding and co-ordinating the work of 40 small local TSOs in the neighbourhood for over 10 years. BEL3 was also well established, and had been providing services on its housing estate for over 13 years. In contrast, BEL2 was an emerging organisation at the time of study. It had relied almost entirely on a small number of local volunteers and a seconded Outreach Worker in the first two years of its existence and was not formally constituted at the time of study.

The way in which the TSOs studied organised their work changed substantially as a result of the URBAN II funded projects in all three cases. In BEL1 an entirely new department was established which was responsible for a range of vehicles and front line transport services. BEL2 introduced new administrative structures to support its volunteer training project, and BEL3 established a range of working groups to organise the delivery of its URBAN II funded project to identify and tackle social and economic exclusion.

These structural changes went hand in hand with changes in the roles organisational participants fulfilled. The Director of BEL1 was drawn into undertaking administrative tasks associated with the URBAN II funded project to an extent where 50% of his time was taken up by the transport project. The findings suggest that this development also led to ambiguity of status and roles fulfilled by the Director who had to compromise his strategic responsibilities to fulfil administrative tasks required by the transport project.

While change in roles and organisational structures created substantial pressures and strain on organisational participants in all three TSOs, it was only in BEL1 where these changes and pressures were perceived as having a negative impact. In BEL2 and BEL3 the pressures encountered were seen to lead to better outcomes for the organisation and its stakeholders. This included the introduction of paid staff into BEL2, which is a volunteer led organisation, and substantial additional capacity of the governing body of BEL3 to define local needs and lobby public agencies to address them.

5.6.3 Systems and resources

One of the most significant organisational impacts was the introduction or development of administrative systems in response to an increase in activity which resulted from URBAN II funding. This involved the co-ordination of an increasing number of people and resources that had become available as well as the delivery of a growing number of services.

BEL2 encountered rapid organisational growth at the time of study because of the large numbers of volunteers who wanted to become involved. The building that had been made available to BEL2 was a major new resource which also attracted a growing number of service providers, many of whom did their work on a voluntary basis. This organisational

growth put intense strain on the two activists who were leading the development of the organisation. Realising that they were in danger of 'burning out' they obtained a full-time secondment from a public sector agency to co-ordinate the volunteer workforce and also the use of the building. BEL3 in contrast did not secure additional staff to deal with the increase in activity it encountered, but established a range of working groups which were serviced by members of the governing body and supported by other regular volunteers. These volunteers received ongoing informal support from the Community Development Worker as well as formal training by external consultants to develop the skills needed to deliver the URBAN II funded project.

The findings suggest that in BEL2 and BEL3 it was primarily the increase in organisational participants, resources and services which led to the development of new systems and structures. Tasks associated with the reporting, evidencing and claiming of URBAN II grant were not identified as challenges which required the development of systems and structures by BEL2 and BEL3. This is in contrast with BEL1 where the reporting and claiming of the URBAN II funding associated with URBAN II funding were found to be demanding. This was in addition to the administration of the transport services, which placed additional demands on the systems and resources available to BEL1. Here the director had to dedicate 50% of his time to support the administration of the URBAN II project, which was in addition to the time given by the URBAN II funded transport manager to administer the project. These findings suggest that it was the nature of the project funded by URBAN II, rather than demands arising from the fulfilment of the terms of the funding conditions, which created substantial demands on the systems and resources available to the TSOs studied.

5.6.4 Services

URBAN II funding resulted in the development of new services in all three TSOs studied, but each TSOs used the funding in different ways. BEL1 recruited a member of staff and purchased a wide range of vehicles to provide a community transport service. Although BEL1 made charges for its services, without URBAN II funding the service was not viable because local people were not able to pay the full costs. Without being commercially viable and without tangible support from other potential funders there were

concerns over the sustainability of this transport service once URBAN II funding had run out.

While the modest amount of URBAN II funding was critical to the development of a physical base and a trained volunteer workforce, BEL2 did not seem to be dependent on the availability of URBAN II funding to do its work. The commitment of a large number of volunteers, together with support from a range of third sector and public sector agencies appeared to give BEL2 freedom from financial constraints. For BEL3 it seemed that building the capacity of its local residents to tackle their social and economic exclusion was more important than the direct delivery of tangible projects. This capacity building approach had the dual purpose of enabling residents to help themselves, and to hold public sector organisations to account with regard to the fulfilment of their statutory and non-statutory duties. While the funding supported a substantial increase in activity and range of service provided, the findings suggest that both BEL2 and BEL3 would do their work, albeit on a smaller scale, without URBAN II funding.

BEL 2 and BEL3 used their URBAN II funding primarily to develop the skills of volunteers so that they would be better equipped to help achieve organisational goals, while in BEL1 the funding was used to employ staff and purchase equipment. Hence BEL1 appeared not only to have become more dependent on funding to provide services as a result of their URBAN II project than BEL2 and BEL3, but also shifted its focus away from the provision of support for TSOs and towards income generating activities for its new transport service.

5.6.5 Governance and Goals

The three case study organisations had come about through the effort of local individuals and local TSOs and thus had similar organisational roots. BEL1 was created by a range of smaller local TSOs, BEL2 was established through the efforts of a local activist and BEL3 was developed by local residents. Their organisational goals were very different from each other, however. The purpose of BEL1 was to maximise the funding opportunities for small local TSOs in a catholic nationalist neighbourhood, while BEL3 aimed to support residents on a protestant unionist housing estate. BEL2 in contrast had

not been established on the basis of communities of place, faith or political persuasion, but instead was aiming to support people who had a particular need and to cut across sectarian divides.

The organisational goals of BEL2 and BEL3 did not change as result of obtaining URBAN funding, but there were changes in the composition of their governing bodies. With the advent of the URBAN II funded project the membership of the governing body of BEL2 was changed in favour of people who had been affected by suicide, thus giving users and beneficiaries a stronger voice in determining the strategic direction of BEL2. In BEL3 the URBAN II funded project precipitated a complete overhaul of the governing body, replacing previous members with new local activist who also established a range of new committee structures which acted as working groups designed to draw local residents into the work of the of the organisation.

The case of BEL1 is quite different. Here the organisational goals were deliberately changed by the most senior officer and to an extent where the original purpose of BEL1 seemed to have become secondary to the provision of the URBAN II funded transport service. Becoming a direct service provider was not in any way related to BEL1's purpose which was to support small local TSOs in securing funding for their work. While the membership of the governing did not change, the findings suggest that those members who represented TSOs which had supported the development of the URBAN II project, were not supportive of BEL3 delivering it because they felt that other TSOs in the neighbourhood would have been better placed to provide such a service.

5.6.6 External Environment

All three TSOs studied established new, or improved their existing, contacts with public sector organisations, and also improved the engagement of local communities in their work.

BEL1 reported that the URBAN II funded project was an entirely positive development with regard to their relationships with public sector agencies. The transport project had significantly increased BEL1's profile which was considered to have improved opportunities to secure funding from them in future. On the other hand, the delivery of the

URBAN II funded project led to an increased sense of competition amongst local TSOs, which undermined the credibility of BEL1 as an umbrella organisations that would help smaller TSOs secure funding for their work. Organisations which used to be key stakeholders and provided support in the past were turning away, thus leaving BEL1 more exposed to, and dependent on, decisions of public sector organisations.

For BEL2 and BEL3 the development and deepening of relationships with public sector organisations required a balancing of conflicting needs. One need was to increase their influence over public agencies in order to pressure them to provide better or additional services either to communities of need, as in the case of BEL2, or to communities of place as in the case of BEL3. This had to be balanced against the need for maintaining their independence and improving their capacity to challenge public sector agencies on behalf of their local stakeholders. The findings suggest that in this respect BEL2 and BEL3 benefited from the growth in volunteer support because this gave them credibility amongst public sector agencies both to ask for resources for themselves and also to lobby for better services for their stakeholders. In both cases the TSOs did not appear to be primarily driven by objectives to secure financial resources for themselves, but wanted to pressure public sector agencies to do more for the communities and users they worked for. This is in contrast with BEL1 which pursued primarily financial objectives in its relationships with public sector agencies and which had the aim of maximising its own income.

URBAN II appears to have been used in ways which enabled some TSOs to significantly increase the participation of local people in the provision of services and the running of local TSOs. In the case of BEL3 a growing number of local residents participated in strategy development, consultation and lobbying of public sector agencies as a result of the URBAN II funded project. And in BEL2 there was a very substantial increase in the number of local people who wanted to give their time freely to help others suffering from the trauma of suicide or the danger of causing self harm. In both cases URBAN II funding seems to have empowered TSOs to engage more extensively and effectively with the local stakeholders.

The findings further suggest that the development of systems which captured the work that was done by TSOs helped to improve their relationships with public sector agencies.

All three TSOs reported that they were able to deal more effectively with public sector agencies as a result of their URBAN II funded project because they were better able to evidence their own achievements. Furthermore, demonstrating their ability to access and utilise EU funding boosted the credibility of these relatively small TSOs with public sector organisations, and thus put them in a better position to secure governmental or EU funding in future.

5.7 Preliminary Discussion of Findings

The findings from Belfast show that TSOs can derive substantial benefits from the development and delivery of URBAN II funded projects. BEL2 and BEL3 show similar impacts and largely positive developments, despite the intense pressures and challenges that were also encountered.

The findings show that BEL 2 and BEL3 were anxious to safeguard their volunteer support, in part because it gave them more credibility in their dealings with public sector organisations, but also because it gave them the ability to continue their work independently of the policies and funding priorities of public sector organisations. Maintaining an independent source of support was thus not only a matter of strengthening their negotiating position and capacity to challenge public sector organisations if necessary, it was also important to ensure that they were able to safeguard their services for the future. Both TSOs stayed true to their organisational roots and values, making careful choices about the types of projects and relationships they were willing to commit themselves to. URBAN II seemed to have enabled these two TSOs to grow and increase their organisational capacity in ways which were considered to be beneficial to the organisation and the stakeholders it aimed to serve.

BEL1 appeared to have benefited organisationally to a lesser extent from the URBAN II funding, despite receiving a far larger grant than BEL2 or BEL3. One of the main reasons for the limited benefits derived by BEL1 is likely to be its reliance on paid staff to do its work, which was coupled with a loss of support from its key stakeholders amongst local TSOs. The nature of the project may also have contributed to strains on organisational participants, systems and resources.

TSOs in Belfast, then, had to deal with a number of contrasting organisational changes resulting from the URBAN II funded projects they were delivering. In addition to the actions TSOs themselves took to deal with the URBAN II funding they received, the way in which the URBAN II programme was developed, structured and delivered also had significant influence over the benefits TSOs were able to obtain, and the challenges they had to tackle.

The URBAN II Programme Manager in Belfast was found to have played an important role in supporting TSOs through all stages of the project development and implementation process. This included support with their applications for URBAN II funding, the development of business plans and feasibility studies, and assistance with the fulfilment of reporting requirements associated with URBAN II funding. For example, rather than using funding agreements to pass on obligations associated with EU funding to TSOs, the Programme Manager acted as a buffer and facilitator between financial accounting and administrative requirements, and the capabilities of TSOs to respond to them. The Programme Manager also supported the development of contacts between TSOs and public sector organisations, which opened up new channels of public sector support, such as secondments and technical advice, and also access to key decision makers.

Where necessary, the Programme Manager provided organisational development support which was tailored to the specific needs and circumstances of TSOs, in order to strengthen their ability to use URBAN II effectively and in ways which reflected their needs and aspirations. Winning the trust of TSOs appeared to be important to facilitate this process. The Programme Manager appeared to be able to balance the need for trusting and supportive relationships with the requirements for the control of EU funding, to an extent where the lines between the roles of 'controller of public funds' and 'supporter of TSOs' became blurred. This was particularly the case with BEL2, where the Programme Manager accepted financial responsibility for URBAN II funded project activity because BEL2 did not have the organisational capacity to receive and administer public sector funding. In addition to acting as banker for BEL2, staff were seconded, premises secured, and high level connections with public sector organisations were made, all with the support of the Programme Manager.

The findings further suggest that an LDP drawn from local residents and TSOs is likely to be an important factor in supporting the Programme Manager to take a collaborative and supportive approach towards working with TSOs. Rather than expecting TSOs to adapt to the processes and structures which reflect the preferences of public sector organisations, the LDP's declared objective was to make access to URBAN II as easy as possible for TSOs, and to provide ongoing support for them. Thus the rationale which underpinned the URBAN II programme in Belfast was one of enabling TSOs to make a contribution to the social and economic inclusion of deprived communities, and to do this in a way which built on their strengths and addressed their weaknesses.

Chapter Six: Findings from the URBAN II Site in Berlin

6.1 Introduction and Context

With a population of 3.4 million, Berlin is Germany's largest city, and also its capital. As a city state, Berlin is one of the 16 German federal states and is governed by the 'Senate', the House of Representatives which appoints the governing mayor of Berlin and eight senators, each leading a department responsible for the development and delivery of policy across the city. The city is divided into 12 boroughs, each with its own assembly of local politicians and an elected mayor and cabinet. Borough councils are the local authorities with responsibility for the provision of the majority of public services, including education, health, social care, youth and leisure facilities, housing, economic development and environmental protection. Following the unification of East and West Germany, the first Senate to govern the united Berlin was appointed in 1991. At this time Berlin was losing large numbers of people and the economy was in sharp decline: Berlin had lost 200,000 jobs since unification, was encountering a substantial influx of immigrants, and had a budget deficit of approximately €60 billion (Deutscher Bundestag 1999; Presse- und Informationsamt des Landes Berlin 2003; Berlin Daten und Fakten 2007).

6.2 The URBAN II Programme in Berlin

The URBAN II area is situated within the administrative areas of two borough councils, with a population of 30,000. The area had suffered disproportionately from the collapse of the East German economy and exodus of the local population. Violence among young people, in particular between 'punks' and 'skinheads', was commonplace. In addition, the neighbourhood suffered from a poor physical environment, high unemployment, derelict and under-used buildings and poor transport links. Thus the Berlin URBAN II programme was designed to address three priority issues: economic development and employment; the physical environment; and social and cultural integration (Senatsverwaltung für Stadtentwicklung 2002).

The process of developing a programme proposal for URBAN II was led by the Berlin Senate Department for Urban Development. The Senate Department invited the 12 Berlin

borough councils to put forward proposals to host the URBAN II programme. Following a competitive selection process, an area that straddled two local authority areas was identified, and the Senate of Berlin submitted the programme proposal in 2001. The European Commission approved the proposal in the same year and allocated a budget of £9.8 million (€14.8 million) for the programming period 2002 - 2006 (Senatsverwaltung für Stadtentwicklung 2002).

The URBAN II programme was controlled by a steering group and a scrutiny committee. The URBAN II Steering Group was in effect the LDP and made the final funding decisions. It was chaired by a representative of the Senate Department for Urban Development and had 24 members, most of whom were representatives from public sector organisations, including local authorities, the federal employment agency, the chamber of commerce and local businesses associations. Four local residents were also members of the steering group, but in contrast with other representatives, these four residents shared just one vote between them. The work of the URBAN II Steering Group was monitored by a scrutiny committee consisting of representatives from the Berlin Senate, local authorities and the European Commission (Senatsverwaltung für Stadtentwicklung 2003).

The Programme Manager was appointed through a competitive tendering process by the Senate Department for Urban Development to manage the implementation of the URBAN II programme. The Programme Manager worked for a private sector practice of architects and planners. She reported to the URBAN II Steering Group and was responsible for the technical, contractual and financial management of the programme, which included the implementation of open tendering processes through which most of the URBAN II funding was distributed (Senatsverwaltung für Stadtentwicklung 2002). As many individual projects had already been identified and agreed at the programme proposal stage, programme implementation was focused on the identification of suitable providers of pre-specified projects and services. The scope for TSOs to put forward new project ideas was therefore limited.

To secure URBAN II funding applicants had to specify the mechanisms by which pre-defined physical, social and economic outputs would be achieved, together with the sources of match funding they would provide. Tender proposals were appraised by three

working groups which were convened by the Programme Manager, one for each of the thematic priority areas of the programme. The working groups consisted of local politicians and technical advisors from a range of local authority and Senate departments; resident representatives participated, but were in the minority. In conjunction with the Programme Manager, the working groups recommended proposals to the URBAN II Steering Group for approval or rejection. In most cases, proposals that were deemed suitable received an in-principle approval. This was followed by a detailed and at times lengthy technical development and appraisal process, which could last several years and often required the input of external advisors (Senatsverwaltung für Stadtentwicklung 2002; Senatsverwaltung für Stadtentwicklung 2002; Senatsverwaltung für Stadtentwicklung 2003).

As a large proportion of the programme was delivered by public sector organisations, the choice of TSOs from which a sample could be drawn was limited. Furthermore, the URBAN II programme had a strong emphasis on physical measures. Both these factors contributed to a sample in which all three case study TSOs had received their URBAN II funding primarily to refurbish derelict or underused buildings.

6.3 Key Characteristics of the Case Study Organisations

The choice of TSOs from which case study organisations could be drawn was limited in Berlin. This was in part due to the URBAN II programme consisting of a small number of relatively large projects, but also due to public agencies delivering many of the projects either directly or through commercial contractors. However, the following three case study organisations were chosen according to the procedure set out in section 4.2.2:

- BER1, which provided medical and social care services across Berlin.
- BER2, which provided a wide range of services for local people in the URBAN II area.
- BER3, which provided youth work and vocational training services for young people in the URBAN II area.

Before the key characteristics of these case study organisations and their URBAN II funded projects are presented, it needs to be pointed out that the organisational forms of TSOs found in the URBAN II programme in Berlin differ in some important ways from

those frequently found in the UK. The most significant difference is that TSOs often do not have a governing body which is directly involved in its work, particularly in cases where a TSO is affiliated to a large umbrella organisation and not separately incorporated. The umbrella organisation then acts as the accountable body for public sector funding, and handles the contracting and tendering processes through which public sector funding is secured. Funding is then channelled from the umbrella organisation to the TSO, which is in effect a subsidiary organisation. While such subsidiary TSOs have full responsibility for the fulfilment of the contractual obligations, the final accountability for the use of the funding subsidiary TSOs obtain lies with the umbrella organisation.

BER1

BER1 was founded in 1989 by the current director, with the purpose of providing employment and vocational training for medical staff from East Berlin who were in danger of losing their jobs as a result of the unification of East and West Germany. The organisation continued to grow so that over time its services included care for the elderly, and support for young people.

BER1 was incorporated as a public interest company¹ and is a member of the Deutscher Paritätischer Wohlfahrtsverband, one of the six national umbrella organisations for third sector organisations in Germany. The accountable body for BER1 was city wide membership organisation for medical and clinical staff, which had established a number of organisations like BER1 to provide support for its members.

At the time of data collection, BER1 employed 40 staff and its annual turnover was approximately £4 million (€6 million). The project which received URBAN II funding was initiated by BER1 in 1994 in collaboration with the German Red Cross, with the aim of providing medical support for homeless people. Doctors and dentists who were either unemployed, or needed to adjust their qualifications to West German standards, were given opportunities to provide services for homeless people. Over the years a soup kitchen, sanitary facilities and a clothes store were added to the services. By the year 2000 the Red Cross could no longer afford to run the facilities and the local authority, which owns the premises, encouraged BER1 to take over the lease, and to refurbish the premises

¹ gemeinnützige Gesellschaft mit bestimmter Haftung (gGmbH)

with URBAN II funding. Following approval of the tender which was submitted by BER1, URBAN II funded the refurbishment of the premises, two members of staff, and additional equipment with which an improved range of health and social care services could be provided. The project budget was £766,000 (€1.15 million) of which URBAN II funded £364,000 (€546,000). The match funding was raised from contributions made by the local authority towards the refurbishment costs, and contributions in kind provided by BER1, such as staff time and donations it received.

BER2

BER2 was founded in 1990 to support young people in the neighbourhood, in particular those at risk of social exclusion. The organisation emerged through the initiative of a church minister, who was the director of BER2 at the time of the study, and who had been involved with local church-led youth work since the 1970s. BER2 was a registered charity and had the status of a Freier Träger, providing a wide range of services funded by public agencies. Its governing body consisted of five members, which included local individuals and organisations who were elected at the annual general meeting from the wider membership of the organisation. Over time, BER2 purchased and refurbished a range of residential buildings to provide supported accommodation for young people in difficulty, established child care facilities, and was running a range of employment and training initiatives in the URBAN II area. BER2 fulfilled a significant community development and social inclusion function in the neighbourhood, because local groups relied heavily on BER2's premises and other resources to do their work. BER2 was an influential member of a TSO forum which aimed to co-ordinate the provision of social care services. The organisation employed 130 staff and trainees at the time of study, and had an annual turnover of approximately £3.3 million (€5 million).

The purpose of the URBAN II funded project was to turn a derelict building into a community and youth centre. Local residents had for some time suggested bringing the community and youth services provided by BER2 together in one place, and BER2 also felt that more facilities were needed for young as well as older people. The advent of the URBAN II programme coincided with the donation of the derelict premises to BER2 by a private individual. This provided the momentum for BER2 to design a project consisting of the refurbishment of the building and the development of community facilities. BER2

intended to deliver the refurbishment work through a youth training initiative. The total project costs were £866,000 (€1.3 million), of which URBAN II provided £133,000 (€200,000). The remaining funding was to be raised from governmental funds for the protection of architectural heritage because the building was listed, contributions of staff time, and also from the independent financial reserves of BER2.

BER3

BER3 had been recently created through a merger between two independent TSOs: a youth club which was founded in 1991, and a vocational youth training project founded in 1990. The two organisations had worked together over many years, and had discussed a potential merger long before the advent of URBAN II. The merger took place between 2002 and 2003, which was the period during which the URBAN II programme was developed in detail. Although BER3 was an organisation in its own right, it was a subsidiary of a city-wide umbrella TSO. This umbrella TSO had a turnover of £13 million (€20 million) and provided training and employment services through dozens of similar subsidiaries across Berlin. While the umbrella TSO acted as the accountable body for the URBAN II funding and the employer for the project staff, BER3 was independently managed, had its own director and was directly responsible for the delivery of the URBAN II project. The turnover of BER3 was approximately £1.3million (€2 million) at the time of data collection.

The two organisations which created BER3 had a long history of working together, passing young people from youth work to training activities, and vice versa. With the advent of the URBAN II programme, the organisations were approached by the local authority with the request to develop a concept for the refurbishment of a former primary school from which integrated youth services could be provided. The proposal developed by BER3 included the refurbishment of the building through youth training projects, and the provision of facilities and equipment for a youth club. At the time of data collection, 22 staff were employed to deliver the URBAN II project and 15 volunteers supported the work regularly. The project costs were £440,000 (€666,000), of which URBAN II provided £330,000 (€500,000). The match funding was to be provided through the income generated from the delivery of vocational training programmes and the funding for the youth workers was provided by the local authority.

Summary of key characteristics of case study organisations

In line with the methodological principles set out in Chapter Four for the choice of case study organisations it was intended to select TSOs with contrasting characteristics. The TSOs involved in the delivery of URBAN II in Berlin were similar in many respects however, all being large TSOs providing professional services and relying primarily on paid staff to do their work. Therefore contrasting characteristics were primarily related to the different roots and purpose of the TSOs that were chosen. Table 6.1 provides an overview of the key characteristics of the three case study organisations chosen for the URBAN II site in Berlin.

Table: 6.1 Key Characteristics of TSOs studied in Berlin

	BER1	BER2	BER3
Organisational Purpose	Provide work and training opportunities for medical staff	Provide support for vulnerable young people	Provide leisure and vocational training for young people
Founders	Current director and professional body for medical practitioners	Current director and local church	Current director and youth worker
Legal status	Public Interest Company	Registered charity	Sub-project of charitable umbrella organisation
Governing body	Board of city wide professional body for clinical and medical practitioners	Representatives of members of the charity	Board of city-wide umbrella organisation for TSOs
Staff	40	130	22
Volunteers	N/A	N/A	15 regular
Purpose of URBAN II project	Combining building refurbishment with provision of services for homeless people	Combining building refurbishment with youth training and provision of community centre	Combining building refurbishment with youth training and youth work
Total project cost	£766,000	£866,000	£440,000
URBAN funding	£364,000	£133,000	£330,000
Annual Turnover	£4 million (approx.)	£3.3 million (approx.)	£1.3 million (approx.)

6.4 Programme Level Issues

This section begins with the presentation of data collected from the Programme Manager and staff who worked for the two local authorities about the benefits derived from the URBAN II programme, their own role and the role of TSOs in programme delivery. This is followed by the presentation of data on programme level issues from the perspectives of study participants who were working for TSOs.

6.4.1 Perspectives of Programme Management and Public Sector Officials

Interviewees were selected according to the criteria set out in section 4.2.3. Because the URBAN II programme area in Berlin straddled the administrative areas of two borough councils, one member of staff leading on URBAN II had to be interviewed in each of the two local authorities. In addition, in one local authority two officers had both had a lead responsibility for the URBAN II programme, and they were both therefore interviewed. Consequently the number of interviewees was larger than anticipated and included:

- URBAN II Programme Manager, working for a private regeneration and planning consultancy contracted by Berlin Senate Department for Urban Development to deliver the URBAN II programme
- Head of Urban Renewal, working for one of the two borough councils (BC1)
- Head of European Affairs, working for one of the two borough councils (BC2)
- Head of Youth Services, working for one of the two borough councils (BC2)

The findings from interviews with programme management and local authority staff are presented under three headings:

- Role of programme management and local authority staff in the delivery of the URBAN II programme,
- Role of TSOs in the delivery of the URBAN II programme, and
- Benefits derived from the URBAN II programme.

Role of Programme Management and Local Authority Staff in the Delivery of the URBAN II Programme

Staff from local authorities reported that the problems in the URBAN II area were primarily concerned with an over-supply of property, unemployment amongst young people, and a continuous loss of population to other parts of the city. These problems were perceived to exist on such a scale that only public sector organisations could identify and prioritise the key projects where regeneration funding, such as URBAN II, should be invested:

“For the URBAN II programme we defined important projects as cornerstones. In this case we are talking about decision making and not consultation.” (Official, local authority BC1)

The decision making process associated with the selection of project proposals was considered to be a matter for professionals, as it required substantial technical knowledge. Local residents and TSOs were not seen to have the necessary skills to contribute to the technical and strategic appraisal stages involved in the project selection and development processes. Despite resident involvement in the relevant working groups, the data suggest that the funding decisions were controlled by public officials, professionals and politicians:

“Local requests and suggestions are discussed in a working group where applications are appraised and recommendations made. These processes require substantially more knowledge than local resident and TSO² representatives can provide.” (Programme Manager)

The role of local authority and programme management staff was described in terms of being gatekeepers to valuable financial resources. TSOs were expected to compete for funding and only those who offered ‘the best deal’ would have their application for URBAN II funding approved. Interviewees did not convey a sense of collaboration with TSOs, and did not seem to appreciate the substantial work TSOs had invested into the development of speculative project proposals, which in many cases were then used by public sector organisations to support the URBAN II bid. One local authority official quoted a case where a TSO, which had supported the local authority in the submission of the initial URBAN II bid to the European Commission, was later expected to compete with other TSOs for URBAN II funding to deliver the very project it had developed several months earlier:

“Some TSOs thought that they would sail through the application process because we had used their ideas in our proposal. That was not the case. They had to go through a competitive bidding process to secure the funding for their project idea. It was good to do it that way. This process avoids a situation in which you just follow a nice idea, and

² German terminology regarding third sector organisations makes a clear distinction between organisations that have been accepted by public sector organisations as being capable of providing public sector funded services ‘Freie Träger’, other charitable organisations ‘Vereine’, and more informal groups and organisations ‘Bürgerinitiativen’. While ‘Vereine’ and ‘Bürgerinitiativen’ were often used interchangeably by study participants, the term ‘Freier Träger’ was only applied to approved public service providers. These distinctions were not made in the translation of the interview data because all TSOs studied were by default ‘Freie Träger’, or they would not have received URBAN II funding.

instead you try to get the best deal. It's this process that makes the final decision."
(Official, local authority, BC2)

In addition, the task of local authority staff was considered to be to ascertain whether TSOs had sufficiently robust systems and resources to deliver government funded contracts. There was concern that smaller TSOs did not have the organisational capacity to fulfil the requirements associated with the provision of services for local authorities, and therefore could not be included in URBAN II. The data also suggest that public officials treated URBAN funding as if it was mainstream funding:

"A solid foundation is required to enter into a contract with us. ... Whether we use mainstream funding or URBAN, the same rules apply " (Official, local authority BC2)

The competitive tendering procedure used to select TSOs for the delivery of pre-defined projects meant that TSOs could not be supported in their application for URBAN II funding. Furthermore, once a TSO had entered into the funding agreement, neither the Programme Manager nor public sector organisations considered it to be their responsibility to support the TSO in the delivery of the URBAN II funded project. TSOs were expected to deal themselves with the problems they encountered:

"I don't know in detail what their problem is. I can't get involved in all the URBAN projects. The question is, if they do have substantial problems, what are they going to do about it? That's their problem, isn't it?" (Official, local authority BC2)

As far as local authority staff were concerned, they saw themselves as following the procedures through which public services were regulated. For example, BER3 had not anticipated that the local authority, which owned the premises, would charge a commercial rent while BER3 was refurbishing the building with URBAN II funding. As BER3 was not able to use URBAN II funding to pay the rent, it had to secure the necessary funding elsewhere. Despite BER3 protesting about being treated in this way, the local authority insisted on charging BER3 the going market rate for their use of the premises:

"The building is public property and so the property department established what the appropriate local rent for the proposed use should be. When [BER3] heard about this they fell over backwards and began to argue. But that does not work with a public

agency, I had to learn that as well. You just can't negotiate! We have our regulations and have to act accordingly." (Official, local authority BC2)

Role of TSOs in the Delivery of the URBAN II Programme

The programme development process in which agreements on the key projects that were to be funded were reached was led by staff of local authorities together with local politicians. Private sector interests were also taken into account but TSOs seemed almost completely excluded from decisions on how the URBAN II funding should be used. The reason for this appears to be that local authorities saw TSOs primarily as providers of services which were specified by them:

"The borough defines the projects and selects suitable TSOs to deliver them." (Official, local authority BC1)

Although TSOs were contracted in part because they were expected to engage residents in the renewal process, these TSOs were not considered capable of reaching deep into the local community. This was the task of small TSOs, but they were not seen to have the organisational capacity to fulfil the requirements associated with the delivery of main URBAN II funded projects. As the involvement of the local community formed a strategic objective for the programme the 'small URBAN II grant' was initiated which provided up to £3,300 (€5,000) per project and was intended as the key funding source for smaller local TSOs:

"The small URBAN grant is an important way of engaging small and informal actors. ... Small TSOs are important for small scale urban renewal measures because they have a specific local contribution to make, which cannot be provided by public or private sector organisations or the professional TSOs which are mainly service providers." (Programme Manager)

The data suggest that local authority staff felt frustrated by the legal obligation to deliver services through TSOs, which derives from the principle of subsidiarity and includes EU funded programmes such as URBAN II. Therefore the delivery of many services through TSOs was not a matter of choice, but of procedure. Some public sector interviewees suggested that TSOs were 'second best' to private sector contractors:

“When I get some real money, that means a project that is financed from local authority sources, then I put this out to tender and work with a private sector provider.” (Official, local authority BC2)

“One should not blindly support TSOs; profit oriented organisations can also provide good services. Some services require a degree of professionalism which is rarely found in the third sector.” (Programme Manager)

Benefits Derived from the URBAN II Programme

Local authority staff reported that URBAN II created opportunities for them to address pressing problems. Although the resources available through URBAN II were not on the scale required to have a major impact, they provided an important impetus to pool resources across different departments in order to tackle some of the most pressing problems. One of the main benefits identified was that URBAN II had contributed to better cross-departmental work within the two local authorities:

“The URBAN II application was made at a time when there was little cross departmental co-operation in the borough. With regard to that, my expectations were exceeded significantly. The internal co-ordination on how the resources were to be divided between the thematic priorities was an important process. We sat down at the table and negotiated an agreement about the sums. In that respect my expectations were completely fulfilled.” (Official, local authority BC2)

In addition, the improvement of the social and physical quality of the neighbourhood was now tangible and URBAN II was considered to have made an important contribution to this:

“Before we started our renewal programmes, the people who lived here were squatters and people who had been released from prison. That is now different.” (Official, local authority BC1)

6.4.2 Programme Level Perspectives of Third Sector Interviewees

Programme Management and local authority staff were seen as controlling and remote from the challenges TSOs encountered, both during the process of securing URBAN II funding, and during the implementation stage. Relationships were hierarchical, with local

authorities being perceived as excluding TSOs from the decision making processes, and as using their control over these processes to unfairly secure large amounts of funding for their own priority projects. The data do not suggest that the Programme Manager or local authority staff provided any specific support for TSOs. Instead, their approach towards the delivery of the URBAN II programme seemed to have created a number of challenges for TSOs, which included:

- Lack of access to decision making processes; and
- Poor relationships with public sector organisations.

Lack of Access to Decision Making Processes

Study participants working for TSOs identified a number of challenges associated with the process of securing URBAN II funding. One aspect of these challenges was not being able to influence or participate in the processes through which decisions on funding allocations were made. A number of interviewees criticised the consultation and decision making process during the early stages of the URBAN II programme. Although the city council and the two borough councils had invited TSOs to consultation events and encouraged them to put forward proposals, these proposals were vetted by local authorities without TSO consultation prior to submitting the programme bid to the European Commission. Once the programme outline had been approved, the key projects were then commissioned by the URBAN II Programme Steering Group without consulting local people or TSOs more widely. Although there were four resident representatives on the Programme Steering Group, they did not appear to have much influence on decision making, and the Programme Steering Group was seen to have made many of the funding decisions in favour of public sector organisations:

“The facilities for the local community to participate in decision making are poorly developed. That exists on paper but not in reality.” (Project Worker, BER2)

“The Steering Committee gave preference to projects put forward by public sector organisations. ... They really funded many projects which public sector organisations either should have done or had an obligation to do. And that way they tried to implement their urban renewal strategies. Very few third sector organisations were given a chance.”(Project Manager, BER2)

Poor Relationships with Public Sector Organisations

Two of the three TSOs studied had adversarial relationships with their local authorities in the URBAN II area. In the case of BER2, staff did not feel that they worked in partnership with the local authority. The local authority's approach was characterised by a determined drive to save costs, while BER2 aimed to help individuals by providing intensive and tailor-made support:

"I am glad when they (public officials) don't get involved in our work. That always creates problems. We develop solutions not with public sector organisations, but with residents." (Director, BER2)

Particular problems arose when the local authority attempted to enforce certain approaches towards working with young people by making their funding for BER2 contingent on the application of certain practices. However, BER2 did not perceive itself as a service provider that had an obligation to respond to the requirements of public sector funders. Instead, interviewees described their organisation as an independent advocate for the local community, which developed projects and services in liaison with, and in response to, the needs identified by local residents:

"Our partners in public sector organisations are puzzled by this logic. They always only want to implement programmes. At some point someone had an idea and this should now be implemented. We say (to public sector organisations) 'we only take part in your programme if it responds to the problems we want to tackle. If it doesn't do that you have to sort it out yourselves'. This kind of thinking runs counter to their way of thinking. We are servants of local residents, the interests of the local authority come second; this enrages the authority, and we are regularly in conflict with the borough council and local politicians." (Director, BER2)

Furthermore, the borough council was suspected of trying to 'buy off' the advocacy role of third sector service providers, in order to minimise the potential for conflicts of interest and to avoid having to change its strategies and plans in response to local pressures:

"What's happening here is that participation is intended to be controlled so that potential conflicts are minimised. We don't do that at all; we use public money to encourage citizens to be more demanding. Public sector organisations are very unhappy about that." (Project Worker, BER2)

For BER3, political changes in the local authority had led to a situation where the original protagonists of their URBAN II funded project had lost their political influence. A combination of public sector workers in relative ignorance about the challenges BER3 encountered, together with a lack of political support created a deeply felt sense of frustration and isolation:

“The people in the local authority or the Programme Manager have no idea what we are going through. ... When you are dealing with this whole bureaucracy without getting any support you start to ask yourself: Whom am I doing this for?” [Director, BER3]

The URBAN II Programme Manager and their staff were described as being remote from TSOs. Once projects had reached the implementation stage, little technical guidance and advice was available. The role of the Programme Manager was perceived as being mainly about ensuring that contractual obligations were being fulfilled, rather than supporting TSOs in dealing with the problems that were being encountered in the delivery of their URBAN II projects:

“They show no interest in what we are trying to do here.” (Project Manager, BER2)

“The money might as well just come from a bank.” (Board Member, BER2)

The primary interest of the Programme Manager was perceived to be about preventing problems arising for public sector organisations. TSOs felt that they were left alone in finding ways of dealing with the at times very significant problems they encountered:

“I would have wished for a greater interest in content, less control and proper guidance from the URBAN II Programme Managers. One could do the job of Programme Manager differently, look in more detail at what's happening, asking: ‘How are you actually doing this? How are you managing? And can we help in some way, for example by identifying new sources of funding to help you sustain this?’ I would actually also expect that from a local authority.” (Director, BER3)

BER1 had better relationships with the local authority and public sector organisations than BER2 and BER3. Here the director cultivated extensive political contacts, often drawing on the networks of senior members of its governing body. Great importance was attributed to ensuring that local and national politicians were seen in the media as

supporters of their URBAN II project. The local authority seemed very supportive of the work done by BER1, and in this case responsibility for the URBAN II project seemed to be shared:

“We have of course had many important people on the site, including local officers and politicians, ministers, members of parliament and so forth. The importance of the project is understood.” (Director, BER1)

“The local authority understands our way of working very well, we have been working closely with them for some time. ... The implementation of the [URBAN II] project could not have been better. Well, we are all responsible for that, aren't we.” (Director, BER1)

The problems encountered by BER1 were also different from those of the other two TSOs. Despite the support given by the local authority, particularly to the refurbishment of the building, the services provided at the centre were not widely welcomed by front line local authority staff. Interviewees reported a general lack of support for their work from social care staff, which in some cases expressed itself as resentment about BER1 providing services that should be provided by local authority staff:

“I have had contrasting experiences. In certain parts of the borough council our project is perceived as competition.” (Project Worker, BER1)

6.5 Perspectives on Organisational Change

Study participants working for the TSOs studied identified a number of benefits arising from the use of URBAN II funding, and also a wide range of challenges. In section 6.5.1 the findings about the benefits derived from the URBAN II funded projects are reported. This is followed by the presentation of data on the challenges that were encountered in section 6.5.2.

6.5.1 Benefits Encountered

In Berlin, study participants working for the TSOs studied did not report any benefits which were attributable to the actions of the Programme Manager; all benefits reported here are therefore attributable only to TSOs themselves and the way they used their URBAN II funding. The data suggest that TSOs benefited mostly from the development of their organisational capacity to deliver services, and also from improved interactions with their institutional and social environment. The benefits that were identified include:

- Additional or improved premises;
- Improvement of existing services;
- Scope for innovation;
- Development of collaborative projects; and
- Improved capacity to work with European funding programmes.

Additional or Improved Premises

URBAN II funding had been approved to fund the refurbishment of buildings in all the three cases studied. In the case of BER1 and BER3 these buildings were the property of the local authority and remained so on completion of the URBAN II project. In the case of BER2, the premises that were refurbished with the URBAN II grant had been donated to BER2 by a private owner to support the development of a community centre. At the time of data collection, the refurbishment work was ongoing, and although the URBAN II grant was a welcome source of funding, interviewees were confident that the project would have gone ahead even without URBAN II funding:

“The building had attracted the interest of a local community group for some time and they were thinking of establishing a meeting place for local residents. The URBAN programme fitted in well with that and we simply applied for the money. ... We would definitely have tried to do the project, even without URBAN funding. We would have found the money elsewhere.” (Director, BER2)

Prior to the URBAN II programme, BER1 had shared the building in question with two other TSOs providing support for homeless people. BER1 had for some time planned to combine the provision of a day centre, healthcare and social welfare support services for homeless people under its auspices in the building, but had lacked the resources to make the necessary structural and organisational changes. URBAN II was the catalyst for these long held plans to go ahead:

“The aim of establishing a proper day centre in the building has been around for some time, but [without URBAN II funding] we could not have implemented it.” (Director, BER1)

In the case of BER3, the URBAN II funding led to a combination of a youth club and a vocational training project through the refurbishment of a former primary school. The two

organisations had worked together for some time prior to the URBAN II programme and, in order to create a joint project, had recently merged into one project under the umbrella of a larger, city wide TSO. Their URBAN II project offered the opportunity to substantially improve the facilities for the youth club, and to combine the youth work with vocational training for marginalised young people:

“We discussed the idea of connecting youth work with vocational training with the local authority some time ago, it started in 1997. There was no money and no premises to realise this idea then and we were seen as having weird ideas. But when URBAN came along and the topic of the nursery came up we had a concept ready to hand.” (Project Worker, BER3)

Improvement of Existing Services

The youth club element of BER3 benefited from an increase in service users and changes in its user profile in favour of people who did not have significant social or behavioural problems. This was considered to be largely due to the improved premises that had become available which allowed for the provision of a wide range of services, which in turn attracted ‘normal kids’. The number of volunteers contributing to the delivery of youth club activities had also increased due to the better facilities and the wider range of activities that could be offered, which included boxing, dancing and joinery classes. The new facilities also provided opportunities for the young people to create and run their own services:

“The young people can create their own leisure activities here. For example on Saturdays they run a youth cafe entirely on their own. I open and lock up, but they do the rest and we don't have any problems with alcohol, drugs or violence during these sessions. The young people run that themselves.” (Project Worker, BER3)

In the case of BER1, the URBAN II project provided modern facilities for the provision of an increased range of services for homeless people, such as showers, free meals, an all day drop in centre, social care support, clothes, and dental and health care. The new range of services was managed by a social worker who was funded by URBAN II:

“By employing a social worker we can be more professional.” (Director, BER1)

At the time of data collection the premises of BER2 were still being refurbished, and therefore no benefits resulting from improved or new premises were reported.

Scope for Innovation

Some interviewees reported that compared with local authority funding, URBAN II provided a small but valued degree of flexibility. For BER3, the URBAN II funding offered scope to try out ways of working with young people that would not have been funded by local authority mainstream budgets. In the case of BER2, the URBAN II programme provided an opportunity to circumvent the control that public sector organisations exercised over decisions on how the social problems in the neighbourhood should be tackled. Public sector organisations were described as being risk averse, sceptical about new ideas, and primarily interested in achieving their objectives in ways they were familiar with. Whereas:

“The EU actually does occasionally fund the odd innovative and creative project.”
(Project Manager, BER2)

Local authority officials and staff from BER2 often had very different ideas from TSOs as to how problems should be addressed. Over the years this had led to antagonistic relationships. Local authority staff had become increasingly uncooperative and dismissive of proposals made by BER2 about how social inclusion and poverty should be tackled in the neighbourhood. Staff of BER2 felt that local authority staff resisted new ideas, and that officials held prejudices against BER2 because they preferred to be working with providers who did not challenge their views. As a result, BER2 rarely succeeded in securing funding for innovative projects from the local authority and had to find project sponsors elsewhere. The URBAN II funding was a welcome and valuable resource which was not completely under the control of local authority officials, and thus provided some room for innovation and experimentation:

“They [European Commission] fund a project because they like it or not – they don’t hold any prejudices against us.” (Project Manager, BER2)

Development of Collaborative Projects

Shortly before the URBAN II programme proposal was developed by the Berlin Senate, the local authority threatened to withdraw the funding from the youth club which subsequently became part of BER3 by merging with a vocational youth training project. These two organisations drew up a joint proposal for the refurbishment of the former primary school with URBAN II funding, to establish a combined youth work and vocational training project for young people. Thus the prospect of URBAN II funding became the catalyst for the merger of the two organisations:

“The thing was that nobody wanted the [youth club] to be another small independent provider. So we decided to include the [youth club] in our concept. That made the implementation of URBAN II easier as well, because we didn’t have to work so hard to co-ordinate the activities of two separate organisations.” (Director, BER3)

Improved Capacity to work with European Funding Programmes

In the past, BER1 had often obtained its contracts and funding through personal contacts that were made either through its parent organisation, or through personal contacts the Director had established over time. Tendering for EU funding was a new experience for BER1 and was seen as a learning opportunity that would be helpful in the future:

“Submitting tenders is a new field of work for us. It’s useful to learn how to do it.”
(Director, BER1)

For BER2, participation in URBAN II was the first time that EU funding had been used within the organisation, and staff had to learn how to evidence expenditure or match funding and how to draw down the URBAN II grant. This was considered to be a benefit because the organisation was seen to have acquired important new skills to secure and use funding that was not entirely controlled by the local authority.

“We are learning how to account for funding and how to draw it down. That’s a benefit.”
(Project Manager, BER2)

6.5.2 Challenges Encountered

Study participants identified a range of challenges which resulted from the development and delivery of their URBAN II project. A number of challenges were attributed to the approach taken by the LDP and the Programme Manager. Other challenges resulted from

the nature of the URBAN II funded projects that were delivered. The challenges that were identified included:

- Demanding application processes;
- Administration of URBAN II funding;
- Exposure to changes in policy;
- Lack of funding to provide new services; and
- Sustainability of services.

Demanding Application Processes

After the ‘in principle’ approval for its outline proposal had been obtained, BER2 became aware that a substantial amount of additional work was required to make a full submission. The full proposal was rejected several times by the URBAN II Working Group and the Programme Manager and had to be redrafted and re-submitted. The Executive Committee of BER2 watched these developments with concern, particularly as the amount of effort and staff time did not seem proportionate to the amount of URBAN II funding that was being sought and which represented only 15% of the total project cost: *“We began to have serious reservations about this and considered pulling out. Our proposal was rejected three times and had to be rewritten and re-submitted. In the end it took two people three months to do just this proposal.”* (Board member, BER2)

For BER1 the application process was also challenging, and although much larger sums were involved, questions were raised about the resources that had to be invested:

“We drafted 12 business plans before the local authority and the URBAN steering group finally approved it! Our finance director was beginning to ask for whom we were doing all this. This development work doesn’t get paid. We have to use our own resources for that.” (Director, BER1)

In the case of BER3, the local authority had originally invited BER3 to draft the proposal for the refurbishment of the primary school, and included their proposal in the overall programme bid which was submitted to the European Commission. Once the URBAN II programme was approved, BER3 were asked to compete with other third sector providers in an open tender process to deliver the project that had been designed by them. As there was a gap of two years between making their application and receiving the funding BER3

had to completely re-write their proposal in order to take account of the changed circumstances:

“I had to re-submit the whole proposal again because that’s what they wanted. But my work, the administration that URBAN II requires before you get approval, for that I didn’t receive a single Euro!” (Director, BER3)

Administration of URBAN II Funding

The administration of the URBAN II funding placed significant demands on the three TSOs studied. Interviewees reported that support and guidance they requested from the Programme Manager was often not forthcoming in ways that were considered to be helpful. The Programme Manager was seen as being distant from the project work undertaken and not interested in the problems TSOs encountered in fulfilling the obligations they had entered into:

“The [URBAN II Programme Manager] shows no interest whatsoever in what we are trying to achieve here. The only time they show up is when they have official delegations who want to see a youth training and integration project.” (Director, BER3)

“That [the administration of URBAN II funding] really is a challenge. We have done construction projects before, but this thing is something else. ... The reports for URBAN really are a particular challenge.” (Director, BER1)

For BER2, the onerous reporting and evidencing requirements associated with the URBAN II grant were considered disproportionate to the amount of funding received. Further challenges arose from staff having to manage multiple funding streams simultaneously because the refurbishment costs for the building were borne by a number of different funders. This, combined with the complex and stringent accounting and reporting requirements of the URBAN II grant, led to significant strain for the staff responsible for the project’s administration:

“Everybody wants the original invoice, everybody wants to have all the information at the same time! How shall I manage that? I am facing a huge problem and don’t know how to solve it. And the annoying thing is that it’s just for 200K!” (Project Manager, BER2)

"I think that the amount of effort required to draw down the URBAN II funding is crazy."
(Board Member, BER2)

The amount of work involved in administering the grant had not been anticipated by BER3, and there was a deep sense of frustration because the funding conditions associated with URBAN II made little provision for administrative costs. As the staff leading the project were having to find resources from elsewhere to fund project activity, pay the rent and then in addition subsidise the administration of the URBAN II project, their resentment was substantial:

"And who pays for this huge administrative effort? We really only get the construction costs paid for! ... The building belongs to the local authority, it doesn't become our property. We have a lease. You just have to look at it like that. We are working here for the local authority! We are doing everything there is to do with URBAN II, from A to Z."
(Director, BER3)

Due to the tight financial situation, staff of BER3 were also not able to buy in additional technical expertise and capacity to handle the administrative requirements arising from the URBAN II grant:

"Of course we could employ a finance specialist to handle all the claiming and invoicing. But he needs to get paid. We don't get that sort of money through our contracts with public sector organisations." (Project Worker, BER3)

Exposure to Changes in Policy

At the time of data collection, German social policy was undergoing profound changes which affected the eligibility criteria for social security and unemployment benefit payments. This in turn had affected the way in which TSOs could finance vocational training and employment creation projects. Benefit claimants had to take so called '1 Euro jobs' which provided a token payment of 1 Euro per hour worked in order to safeguard basic social security benefits. These changes were unpopular and there was low take up. At the same time, the funding for training providers was reduced, leading to the closure of many job creation and vocational training projects run by TSOs in Berlin and elsewhere in Germany.

The main reason why these changes had such a far reaching effect on the TSOs studied was that their URBAN II projects were based on the assumption that they would be able to draw on government funded employment and training schemes to refurbish the buildings. In addition to not having the workforce to carry out the building works, by not delivering government funded training programmes TSOs had lost an important source of fee income. This put strain on organisational resources and made finding match funding for the URBAN II grant even more difficult.

For BER1, these changes directly affected the way work was structured. Trainees worked fewer hours and spent more time at college, which increased the number of trainees necessary to get the work done. This in turn substantially increased the supervision and administrative requirements associated with the management of the workforce. The member of staff funded by URBAN II had to take on additional responsibilities, on top of the provision of counselling and welfare advice services she had been employed for: *"I am now also responsible for the kitchen staff and the people that run the clothes store."* (Project Worker, BER1)

In BER2, the reduction of funding for vocational training affected a number of young people engaged in the refurbishment of the building. As the local authority refused to fund the completion of their training course, BER2 decided to use its own independent resources to help trainees complete their course. It was considered unethical to let young people down in this way, particularly as most of them had special needs or other problems which would make it very difficult for them to obtain training placements amongst mainstream providers. There was a strong sense of disappointment and anger at the local authority, which refused to make any allowances or provide support for BER2 which had to deal with such unforeseen difficulties through no fault of their own:

"It really is terrible. They are the complete opposite to us. For them [the local authority] it is not the human being that matters but the wallet." (Board Member, BER2)

"They would not manage a normal vocational training placement but the youth service prefers to send young people to the job centres because that is cheaper." (Project Worker, BER2)

For BER3, the changes in benefit and employment policy had significant negative impacts. While URBAN II funded the materials and some of the construction work, the majority of the refurbishment was to be delivered through government funded vocational training and job creation programmes. The changes in policy referred to above resulted in a substantially reduced income from the delivery of training courses, higher pupil/supervisor ratios and, in addition, lower entry standards for trainees. More young people with special needs, criminal backgrounds and drug problems participated in the vocational training programmes offered. Together these developments created a situation in which BER3 found it almost impossible to deliver its URBAN II funded project within the originally agreed framework:

"We are having increasingly difficult clients and decreasing numbers of staff." (Project Worker, BER3)

"These people are socially and psychologically damaged, live in a parallel society and come from socially excluded families. Many have language difficulties, debts and are potentially violent which expresses itself in open hate of Germans, foreigners, men or women or faiths. For 60 of those youngsters I can finance one supervisor! You can't train or integrate people on that basis." [Director, BER3]

"At times you have one teacher working with 45 difficult young people because there is no funding for staff." (Volunteer, BER3)

Lack of Funding to Provide New Services

Some interviewees felt that there was insufficient investment by URBAN II in new services. The reason for this was that the URBAN II funding was used primarily for the refurbishment of buildings, and not the provision of services. Services had to be financed by other means and TSOs were expected to secure funding from other sources to utilise their refurbished buildings. While public sector organisations were considered to be a key source of funding for services, these agencies were struggling themselves with severe budgetary constraints, thus leaving little scope for TSOs to find the funding locally. The lack of funding to provide services posed significant challenges for all TSOs studied, and there was resentment about the focus on physical improvements because this was considered insufficient to respond to the needs of the people living in the neighbourhood:

"We need money to do things. Putting up a building is not enough!" (Project Manager, BER2)

In the case of BER3, the already significant problems encountered which arose from the changes in social welfare and employment policies were further compounded by this lack of funding for services. The rationale on which the URBAN II project was based was barely viable after the changes in public policy took hold, yet the local authority and the Programme Manager continued to insist that BER3 provide their contracted outputs while paying the 'going rate' in rent for the building:

"I just have to make this clear, the money that we got from URBAN II was used almost entirely to refurbish this building. The Youth Worker and I did not receive any reimbursement for project development and the work with the main target group of our project; neither are any of our training projects supported by URBAN II. I just have to make that clear." (Director, BER3)

Sustainability of Services

The URBAN II project of BER1 involved the employment of a member of staff to manage the new facilities and an expanded range of services once the building had been refurbished. BER1 accepted that it would need to generate revenue to cover the employment costs of this worker and, in addition, pay a commercial rent to the local authority for the premises once URBAN II had come to an end. However, despite concerns about the financial implications, it was anticipated that the political support which had been cultivated over the years would help safeguard the project:

"We have of course had many important personalities on site from the city council, ministers, Members of Parliament etc. The importance of the task is understood." (Director, BER1)

BER3 faced considerable challenges in finding ways to sustain their project due to the high rent that would fall due on completion of the URBAN II project. While the Youth Worker was funded by the local authority, all other staff were funded through the service charges associated with the provision of government funded training programmes. The income from these activities was barely sufficient to cover the running costs of BER3. At the time of study, BER3 staff were making funding applications to a range of

governmental and charitable funders to cover their costs and develop a funding base that would help sustain their work in future. But funding for overhead costs was hard to come by and there was concern about the longer term sustainability of its work and their ability to continue to utilise the premises:

“These premises are not free. They are rented from the Youth Services Department. We have to fund the costs for staff and premises through other means.... We are dragging ourselves from one tender to another to finance our activities. It is getting increasingly difficult to secure resources. We can’t make longer term plans anymore - it is a very demanding business.” (Director, BER3)

6.6 Analysis of Findings

The findings from the fieldwork in Berlin show that TSOs were affected by URBAN II in many ways, both directly through the URBAN II funded project they delivered, and also indirectly through the way in which the Programme Manager and local authorities engaged with them.

TSOs encountered a wide range of challenges, but the benefits they could obtain from the URBAN II funding they received were rather limited, despite the amounts of funding received being relatively large. Many of the challenges identified were encountered by more than one, and often all three TSOs, despite the organisations being different in important ways. Table 6.2 provides an overview of the challenges and benefits reported by study participants.

Table: 6.2 Perceived Benefits and Challenges in Berlin

Perceived Benefits	Perceived Challenges
Additional or improved premises	Lack of access to decision making processes
Improvement of existing services	Poor relationships with public sector organisations
Scope for innovation	Administration of URBAN II funding
Development of collaborative projects	Demanding application processes
Improved capacity to access EU funding	Lack of funding to provide new services
	Sustaining services
	Exposure to changes in public policy

In the following sections the identified benefits and challenges are drawn together and subjected to a preliminary discussion to explore how URBAN II funding affected the TSOs studied. This analysis is undertaken in relation to the organisational elements identified in section 3.5 of the conceptual framework. The provision of services emerged

as being of central importance and although service provision relates to all organisational elements identified by Scott (2003) this topic is discussed here as a separate issue. The analysis of organisational changes is therefore presented under the following headings:

- Organisational participants;
- Structures and roles;
- Systems and resources;
- Services;
- Governance and goals; and
- External environment.

6.6.1 Organisational Participants

The three case study organisations shared similar characteristics with regard to their organisational participants, which included an almost exclusive reliance on paid staff to do their work while volunteers played a minor role. Only in BER3 did volunteers feature as a significant resource, helping with the provision of activities for young people who were using the youth club facilities. However, these volunteers had been involved with the youth club prior to its merger, thus were not drawn into the organisation as a result of URBAN II. In the case of BER1 and BER2 there is some data to suggest that staff involved in the delivery of the URBAN II project were doing work over and above what was required of them. While this could be considered as a form of volunteering it is still the case that BER1 and BER2 had no substantial input from unpaid workers.

The recruitment of new staff with URBAN II funding was also limited. Only BER1 used URBAN II funding to employ new staff, one caretaker and one social worker. The findings suggests that the terms and conditions on which the URBAN II funding had been made available did generally not support the recruitment of new staff. It is debateable whether it was the funding conditions, the inexperience of BER2 and BER3 in working with EU funding, or their poor relationships with public sector agencies, which were the cause for BER2 and BER3 not securing URBAN II funding for additional project staff. However, it might be no coincidence that BER1, which cultivated its relationships with public agencies, was also able to secure funding for two additional members of staff.

Overall, the increase in organisational participants was limited in all three TSOs as neither volunteers or paid staff were drawn into the organisations in significant numbers. Instead, the delivery of the URBAN II projects relied heavily on existing organisational participants, which in many instances placed very substantial additional demands on them.

6.6.2 Structures and Roles

The three case study organisations also shared similar features with regard to their organisational structures. Each was led by a director who was the most senior paid member of staff, and who managed the organisation through a hierarchy of paid officers. The TSOs were structured into departments or separate functions which were controlled by managerial staff who ultimately reported to the director. In BER1 direct responsibility for the URBAN II project was held by the member of staff who was funded by URBAN II, whereas in BER2 the relevant member of staff also had a range of responsibilities which were not related to the URBAN II project. In BER3 the most senior officer managed the delivery of the URBAN II project, as well as a range of other functions associated with the youth club.

Study participants had clear roles and responsibilities assigned to them and there seemed little ambiguity or overlap in the roles organisational participants fulfilled. The findings suggest that professional qualifications were important in the assignment of organisational roles, and that public agencies placed an emphasis on TSO staff having the appropriate qualifications before funding them to provide particular services.

The findings show that the impact of URBAN II funding on the structures of the TSOs studied varied significantly. In the case of BER2 there was little change in organisational structures: the URBAN II project slotted into the existing ways of working, becoming one of the many projects BER2 was dealing with. BER1 established an entirely new structure by appointing a social worker with responsibility for providing and managing a range of services to homeless people which utilised the facilities that had become available through the refurbishment of the premises. Dramatic change in organisational structure and process was observed in BER3. This was in part due to the merger of the two

organisations, but also to the changes in the policy environment in which BER3 operated. These changes resulted in a significant loss of income and precipitated changes in the training programmes which BER3 relied upon to refurbish their building. Staff experienced very substantial strain and pressures in managing these changes and struggled to make the new arrangements work.

6.6.3 Systems and Resources

All three TSOs benefited from additional resources in the form of larger, additional or modernised premises. For BER1 and BER3 the new premises provided a significant increase in capacity to provide services. But URBAN II appeared to make little or no contributions towards the increase in administrative and running costs associated with the refurbishment, management and use of their buildings. The additional costs and demands on systems arising from this had to be borne largely by existing staff. TSOs not only had to find these additional resources to manage their URBAN II projects, public agencies then also demanded resources from TSOs in the form of rent payments for the use of the buildings. Thus BER1, and BER3 in particular, faced substantial pressures to secure additional funding elsewhere in order to make their URBAN II funded projects work.

The situation was different for BER2, which owned the premises it was refurbishing outright and had to find only the additional administrative resources for the delivery of its URBAN II project. In this regard it is worth noting that BER2 received by far the smallest proportion of URBAN II funding in relation to the overall refurbishment costs of the building, as compared with BER1 and BER3. These contrasting levels of funding may be an indication that accusations made by some study participants, namely that public sector agencies were taking advantage of their position by allocating disproportionate amounts of URBAN II funding to their own project priorities, might have been justified.

The TSOs studied also had to draw to a significant extent on their own administrative resources to fulfil the monitoring and reporting requirements arising from the URBAN II funding. In none of the TSOs studied was URBAN II funding used to increase administrative capacity by employing staff to deal with the monitoring and reporting requirements which arose from the delivery of these substantial projects. Yet, one of the

most significant challenges encountered by the three TSOs studied was related to the development of systems and processes to administer the URBAN II funding. This was largely due to the URBAN II reporting and evidencing requirements being different from those TSOs were used to dealing with. But despite these pressures, many study participants felt that their organisation had benefited from having first-hand experience of the processes associated with securing and administering EU funding. This was seen as a valuable new organisational capability which would help them in future to access EU funding.

The findings further suggest that the degree to which the administrative requirements associated with URBAN II funding posed challenges may to some extent be dependent on the quality of the relationship between a TSO and public sector organisations. In the case of BER1 the reporting requirements were described as being onerous and more demanding than other funding streams, but support from the local authority finance department mitigated some of these difficulties. For BER 2 and BER3, in contrast, significant problems and strains on staff and systems were reported and there were no suggestions that the Programme Manager or local authorities felt it was their role to help. It is perhaps no coincidence that these TSOs had antagonistic and adversarial relationships with their public sector 'partners'.

6.6.4 Services

The URBAN II funding obtained by the TSOs studied was almost entirely used for the physical restoration and improvement of dilapidated buildings. In the case of BER2 and BER3 no funding at all had been made available for the actual provision of services to local people. This had a profound impact on BER3 because the URBAN II funded project created a large increase in the number of vocational training services that had to be managed and funded, as well as an increase in the numbers of users of the youth club, without creating commensurate increases in income to fund these services. The resulting pressures from these increases in service activity were borne entirely by a small number of staff who received no funding from URBAN II at all. Only in BER1 did URBAN II fund staff. They coordinated large numbers of trainees on a government funded employment creation programme in order to provide services.

In addition to a lack of URBAN II funding for the provision of services, changes in welfare and employment policy affected the regulations for the government funded employment schemes all three TSOs relied on. These changes were entirely independent of the URBAN II programme, but had a profound effect on the way in which TSOs were able to deliver their URBAN II funded projects. Challenges arising from these changes resulted in staff of BER1 and BER3 having to take on additional administrative tasks to secure funding for training places, and having to deal with more difficult clients in higher supervisor-trainee ratios. In BER2, these changes resulted in the TSO having to use its own independent resources to fund the continuation of formerly government funded youth training programmes which were originally intended to contribute to the delivery of URBAN II funded refurbishment of the derelict building.

Overall the findings show that the provision of services in Berlin relied primarily on paid staff, and additional resources that were secured by TSOs. Thus the URBAN II projects appeared to require additional subsidies to become viable, and these subsidies were generated from the TSOs' own independent resources or from external funding applications and service charges, or both.

6.6.5 Governance and Goals

The three TSOs studied had very different organisational roots and goals. BER1 had been established to provide support for medical staff from East Berlin in finding work in the health service of the united Germany. The founder was a former civil servant of the East German health service, and BER1 was established as a social enterprise and a subsidiary of an association for professional medical and clinical staff working in Berlin. BER2 had come about through youth work undertaken by the local clergy many years prior to the unification of East and West Berlin. The unification of the two cities was the catalyst which brought a range of benevolent supporters together who formed an independent organisation to serve the needs of local residents, in particular young people. BER3 was the result of the merger of two long established TSOs both of which had operated in the area covered by URBAN II for many years. The founders were the most senior officers from each organisation, and the aim of creating BER3 was to provide more effective support for young people by integrating their youth work and vocational training services.

Only in BER2 was the governing body closely engaged with the work of the organisation, for example by reviewing and setting organisational goals. Here board members had concerns about the amount of time and resources that were required to develop and deliver the project. They also seemed overwhelmed by the application process, and raised questions as to whether the demands made on them, and on paid staff, were commensurate with the benefits gained from the URBAN II funding. In the case of BER1 and BER3 the governing body of the parent organisation appeared to fulfil primarily a symbolic function. Setting the strategic direction and priorities for these TSOs had been delegated to the directors of BER1 and BER3 who had full responsibility for their implementation and who reported only periodically to their parent organisations on progress.

Overall, the findings suggest that URBAN II did not lead to changes in the goals that were pursued by any of the TSOs studied. Even in the case of BER3, where the pressures arising from the URBAN II funded project led to a strong focus on securing additional resources, the goals to provide vocational training and youth work remained consistent and were vigorously pursued.

6.6.6 External Environment

The findings suggest that URBAN II had limited benefits for TSOs with regard to extending or improving their links and relationships with external stakeholders. The competitive selection process for URBAN II funding pitted TSOs against public sector organisations, and also against each other, thus providing a poor starting point for the development of collaborative working relationships. BER1 tried to overcome this challenge by cultivating relationships with politicians and influential decision makers, thus continuing corporatist relationships that were established prior to the URBAN II programme. BER2 had developed a range of properties and services which gave it financial independence from public sector organisations and was therefore in position to challenge them and did not have to make unwanted compromises to secure the income needed for its projects. BER3, in contrast, appeared particularly vulnerable. Here there was little support for its work from other TSOs or public sector agencies, and as its financial and staff resources were severely over-stretched BER3 found it difficult to

develop new alliances and new ways of dealing with the problems it was facing as a result of engaging with URBAN II.

Relationships between the LDP, the Programme Manager and TSOs were found to be hierarchical. There was little sign of collaborative working and TSOs encountered significant barriers to accessing URBAN II funding. These barriers consisted of an extensive, complex and highly technical project proposal and appraisal process which could take several years to complete, and which required significant investments of time and expertise from TSOs. In addition, the commissioning approach taken by public sector organisations towards the allocation of URBAN II funding meant that TSOs had little opportunity to put forward project ideas which reflected their own strengths and particular interests. Instead, TSOs had to demonstrate to the LDP how they would fulfil project specifications that had been drawn up by public officials and the Programme Manager.

Another challenge faced by TSOs in Berlin was that of having to deal with far reaching changes in social welfare and employment policies. These changes took place after the contractual agreements for URBAN II funding had been entered into and meant that their strategies for generating income, on which project proposals had been based, were no longer viable. Public sector organisations did not seem to consider it to be part of their responsibility to support TSOs who, through no fault of their own, found themselves in these difficult situations. Instead, TSOs were expected to fulfil their contractual obligations, regardless of the nature and causes of the challenges they encountered in delivering the URBAN II funded project.

6.7 Preliminary Discussion of Findings

The findings suggest that public sector organisations used the URBAN II programme to finance the physical regeneration of a deprived neighbourhood, rather than to develop the capacity of TSOs to continue the regeneration process beyond the life of the URBAN II programme. Public sector organisations appear to have used URBAN II funding to control the work of TSOs, rather than to enable them to draw on their networks and resources in the community to make a distinctive contribution towards the regeneration of the neighbourhood. Local residents also seemed to have had a marginal role in the programme, and TSOs seemed to have been systematically excluded from any decision

making processes on the allocation of URBAN II funding. The role of TSOs was thus reduced to that of being a service provider, while being an advocate or a voice for local residents did not seem to be a role that was valued by the agencies.

The findings for Berlin suggest that public sector organisations essentially saw TSOs as instruments to solve social and economic problems they had a duty to address. In the context of an austere public sector finance policy, URBAN II was seen to be simply another source of funding that could be used by public agencies to fund the provision of services which had been agreed and specified by them. As TSOs did not receive any financial compensation for the development of projects, and had insufficient funding for the administration of project implementation, TSOs were effectively subsidising the URBAN II programme. This ‘subsidy’ was substantial in relation to the limited resources available to the three TSOs studied, and put considerable strain on their staff, systems, and also on members of the governing body.

Public sector organisations appeared to have little experience of partnership working and collaborative working across departments, or across organisational boundaries. This is illustrated by officials reporting that one of the most valued outcomes from participating in the programme was that different departments had learned to work more closely together in order to maximise the benefits *they* could derive from URBAN II funding. The Programme Manager seemed to be just a tool for the implementation of policy set by public agencies, and there was little to suggest that the Programme Manager had much flexibility to support TSOs in ways which responded to their particular needs.

The findings further show that URBAN II offered limited scope for collaboration between TSOs. Outputs and processes of the URBAN II programme were largely pre-determined by public sector organisations, which provided little room for experimentation and the emergence of community led initiatives. While the refurbishment of buildings on its own was unlikely to create many opportunities for innovation and collaboration, it would seem that TSOs were expected to develop innovative services *and* to find the resources for such innovations after they had refurbished public sector owned buildings, without receiving adequate financial support for the management and administration of this work.

The resources required to engage in the URBAN II programme in the first instance were substantial and only those TSOs with significant organisational capacity to invest in the development process could afford to participate. As a result large TSOs which had sufficient reserves were favoured in the distribution of URBAN II funding, while smaller TSOs were effectively barred from using URBAN II funding to make a significant contribution towards the regeneration of the neighbourhood.

Chapter Seven: Findings from the URBAN II Site in Bristol

7.1 Introduction and Context

Bristol is the biggest city in the South West region of England with a population of 393,900. The City Council is a unitary authority with responsibility for the provision of the majority of local public services, including education, social care, housing, leisure and young people's services. The City Council works closely with other public sector organisations, such as the health authority and the regional development agency, as well as with the Regional Government Office through which the delivery of national government policy is facilitated (The Bristol Partnership 2006). Bristol is a city of contrasts between prosperous districts and deprived areas which are struggling to keep pace with rapid social and economic change (Bristol City Council 2006b). The City Council was involved in the delivery of an URBAN programme in the first round of the initiative from 1998 - 2001 (The Bristol URBAN Programme 2001).

7.2 The URBAN II Programme in Bristol

South Bristol contains a number of deprived neighbourhoods and has been subject to a wide range of regeneration initiatives in recent years. The URBAN II area has 37,000 residents amongst which were many young people who suffered from problems associated with social and economic exclusion, such as high levels of unemployment, low educational attainment, and high levels of teenage pregnancy. The overall aim of the URBAN II programme was to improve the social, economic and physical conditions in South Bristol by engaging young people of between 10 and 30 years of age in the development and delivery of services for young people. The Bristol URBAN II programme received £6.5 million from the European Commission, and £6 million in match funding from local sources (Bristol City Council 2003; Bristol City Council 2006c).

The proposal for the South Bristol URBAN II programme had been initiated by a consortium of local TSOs. Bristol City Council and other public sector organisations

supported the development work both politically and through practical measures, such as access to specialist staff, data and technical equipment. Although initially the consortium intended to deliver the URBAN II programme directly, the obligations associated with being the accountable body for the programme were considered to be so onerous that the TSO consortium requested that Bristol City Council fulfil this role. With the approval of the URBAN II programme by the European Commission in 2001 the City Council became the managing authority for the URBAN II funding (Bristol City Council 2006a).

The URBAN II programme was administered by three full-time members of staff, comprising the Programme Manager, Outreach Worker and Administrator, all of whom were employed by Bristol City Council. The Programme Manager reported to a director working in the Chief Executive's Department, and at the same time to the URBAN Partnership Group (UPG) which governed the implementation of the URBAN II programme. The agreement through which the relationship between the UPG and the City Council was defined gave local young people the majority of the seats on the UPG, including the positions of Chair and Vice Chair. The UPG had 21 members which included:

- Ten third sector representatives between the age of 10 and 30;
- Four resident young people;
- Three representatives of equalities organisations;
- Two representatives of the business sector; and
- Two representatives from Bristol City Council.

The UPG was in effect the LDP for the URBAN II programme. It made all the decisions associated with the development and delivery of URBAN II funded projects and reported periodically to the Programme Monitoring Committee, which was convened by the Regional Government Office and included representatives of the City Council, public sector organisations, the European Commission and third sector representatives. The City Council's finance team fulfilled a finance management and audit function, ensuring financial probity and adherence to the terms and conditions of the URBAN II grants that were being allocated (Bristol City Council 2003; Bristol City Council Undated).

The programme operated an open application process. There were no open tenders or calls for themed proposals, and applicants could submit project proposals to the UPG at any time. As the UPG avoided a 'commissioning approach' in which specific types of projects would be pre-defined and service providers invited to deliver the desired outputs, there was significant scope for local TSOs to put forward their own ideas on how young people in the area could be supported.

TSOs delivered most of the URBAN II funded projects in Bristol. The application process included access to the technical expertise of the Programme Manager and support in developing project ideas and presenting these on the application forms which were provided. Prior to making a full submission, project proposers were invited to present their project idea to the UPG, which then advised them on the likely success of their application and changes that might be necessary to obtain their approval. Once a project idea had passed this first stage, a detailed project proposal was developed by TSOs with support from the Programme Manager. Larger projects often required the input of specialist consultants, such as architects or landscape designers, or feasibility studies. Where such developmental inputs were required URBAN II funded the costs. Once the detailed proposal was completed and submitted by the TSO, a technical appraisal was undertaken by the Technical Appraisal Panel, which consisted of members of the UPG, representatives of the City Council, and the Programme Manager. External experts were drawn on as and when required to assess the feasibility of proposals. The Technical Appraisal Panel recommended approval, rejection or necessary changes to the UPG, who then asked the proposer to present their revised proposal again to a UPG meeting, prior to the UPG making a final decision. The UPG reported its decisions through the Programme Manager to the City Council's Chief Executive Office, who in most cases simply ratified the decisions that had been made by the UPG (Bristol City Council 2006a; Bristol City Council Undated).

The URBAN II programme pursued three strategic objectives under the themes 'Our work, our place, our future'. These objectives were related to 'raising skill levels and increasing job opportunities, improving the environment and facilities for young people, and promoting the active involvement of young people in their communities and enabling them to influence decisions that affect them now and in future' (Bristol City Council 2007b, p.7).

7.3 Key Characteristics of Case Study Organisations

As the majority of projects funded through the URBAN II programme in Bristol were delivered by TSOs, there was a wide range of potential case study organisations to choose from. The three case study organisations were chosen according to the procedure set out in section 4.2.2, and included:

- BRI1, a large third sector provider of training, education and social care services.
- BRI2, the local branch of a national federation of organisations providing recreational and educational activities for young people.
- BRI3, a small local organisation providing support for teenage parents.

The main characteristics of these case study organisations and their URBAN II funded projects are presented below.

BRI1

BRI1 was established in 1985 by local residents and TSOs to reduce unemployment in the neighbourhood. Over time it had grown into a large service provider with a turnover in excess of £2.5 million, and over 100 staff with substantial expertise in the development and delivery of government funded training, education and social care services in the South Bristol area. BRI1 was a registered charity and company limited by guarantee. It owned a large building which had been constructed in 1995 with over £1 million in governmental grants on land donated by Bristol City Council. This building was the head office of BRI1 and accommodated 15 social enterprises, as well as providing conference and meeting facilities, a nursery, shops and a café. BRI1 was governed by a board consisting of residents, TSOs, local politicians and representatives of the local authority. BRI1 had extensive networks with TSOs, public and private sector organisations, and had been a member of the TSO consortium that had developed the proposal for the local URBAN II programme.

BRI1's URBAN II funded project was located in the department for 'Community Projects', and formed part of a range of community services aimed at supporting young people and their carers. The Community Projects Department had 14 staff and was supported by 16 regular volunteers, who were former service users. The URBAN II project had a separate steering group which was chaired by the manager of the

Community Projects Department, and was attended by between five and seven former users of the services. The URBAN II project aimed to support young people aged between 11 and 16 to tackle their behavioural problems through a 10 week training and mentoring course. Upon completion of the course participants were encouraged to become advocates and supporters of other young people facing similar challenges'. The project was funded with £241,249 of which £119,674 was provided by URBAN II. The match funding was generated through financial contributions from a range of public sector organisations, and staff time provided by BRI1 in support of the project, as well as volunteer time given by young people.

BRI2

BRI2 was the local branch of a national federation of TSOs providing recreational and educational activities for young people. The current group leader founded BRI2 in 1978 as a registered charity which has operated in the same neighbourhood ever since. BRI2 had encountered steady organisational growth, resulting in a number of relocations to obtain larger offices and facilities from which activities for young people could be provided. The organisation had 31 voluntary leaders who worked with 160 young people each week. BRI2 was governed by a management committee consisting of 15 parents of the service users. The advent of the URBAN II project led to the establishment of an Executive Committee solely responsible for the delivery of the URBAN II funded project. The Executive Committee was chaired by one of the parent governors and attended by the senior volunteer leaders of the organisation.

The URBAN II funded project was intended to increase the organisation's capacity to provide a wider range of activities for young people and to develop commercially viable services which would create employment opportunities for some of its users. This was to be achieved by supporting volunteer leaders in obtaining qualifications required to provide outdoor pursuits, the purchase of equipment, and the appointment of a part-time administrator to support the volunteer leaders in their work. The URBAN II project had a budget of £127,300 of which £56,000 was provided by URBAN II. The match funding was provided from income generated through service charges and volunteer time. The annual turnover of the organisation at the time of data collection was approximately £100,000.

BRI3

BRI3 started in 1991 as a church led project to support a growing number of teenage mothers on one of the most deprived housing estates in Bristol. Funding for a youth worker to manage the project was provided initially by the City Council, but over time local authority funding was supplemented with a range of different regeneration funding streams. The current project manager came into post in 1998, funded with a grant from the Single Regeneration Budget. The advent of the URBAN II programme in 2001 offered new funding opportunities, but both the church and the URBAN II Programme Manager suggested that the organisation should be independently constituted before a grant from URBAN II would be offered. This resulted in a capacity building process funded through a small URBAN II grant and delivered by consultants who supported the volunteers and users of BRI3 to form and govern an independent organisation. In 2002 BRI3 was constituted as a registered charity and company limited by guarantee. The purpose of BRI3 was to provide services and opportunities for parents of both sexes aged between 13 and 25 to increase their self-esteem and support their personal development. The governing body consisted of six young parents, one of whom chaired the board, and four representatives of public sector service providers, including health and education services.

In 2003 an URBAN II grant of £132,000 was awarded to BRI3. It provided 50% of the total project cost over three years. Match funding was provided by BRI3 through a grant from the Single Regeneration Budget and other smaller sources of funding, as well as volunteer time. As a result of securing URBAN II funding BRI3 was able to recruit five part-time staff and move into better premises, which were provided for a peppercorn rent by Bristol City Council. At the time of data collection BRI3 had one full time and five part time members of staff, and 40 regular volunteers. Together they worked with 80-90 young parents per year and made over 120 outreach contacts annually. The annual turnover was £126,000 at the time of data collection.

Summary of key characteristics of case study organisations

In line with the methodological principles set out in Chapter Four, the choice of case study organisations was intended to select TSOs with contrasting characteristics. In

Bristol these characteristics were primarily related to the different purposes the case study organisations and their differences in organisational size. Table 7.1 provides an overview of the key characteristics of the three case study organisations chosen for the URBAN II site in Bristol

Table: 7.1. Key Characteristics of TSOs Studied in Bristol

	BRI1	BRI2	BRI3
Organisational Purpose	Provision of training, education and social care services	Provision of recreational and educational activities for young people	Provision of support for teenage parents
Founders	Local residents and TSOs	Local resident	Local church
Legal status	Registered charity and limited company	Registered charity	Registered charity and limited company
Governing body	Residents, TSOs, staff from public sector organisations and local politicians	Parents of service users	Service users and representatives from public sector organisations
Staff	100	1	6
Volunteers	16	31	40
Purpose of URBAN II project	To support young people with behaviour difficulties	To increase the range of activities available to young people and to create employment opportunities	To increase the range and scale of service provided for young parents
Total project cost	£241,249	£127,300	£264,000
URBAN funding	£119,674	£56,000	£132,000
Annual Turnover	£2.5 million	£100,000	£126,000

7.4 Programme Level Issues

This section begins with the presentation of data collected from programme management staff about their perspectives on the benefits derived from the URBAN II programme, their own role, and the role of TSOs in programme delivery. This is followed in section 7.4.2 by the presentation of data on the perspectives from study participants working for TSOs on programme level issues.

7.4.1 Perspectives of Programme Management Staff

The data presented in this section is based on interviews with the URBAN II Programme Manager, and a member of the programme management team who was responsible for the administration of the grant application, approval and reporting processes. Both

interviewees were employees of Bristol City Council. The findings from interviews with these programme management staff are presented under three headings:

- Role of programme management staff in the delivery of the URBAN II programme;
- Role of TSOs in the delivery of the URBAN II programme; and
- Benefits derived from the URBAN II programme.

Role of Programme Management Staff in the Delivery of the URBAN II Programme

The Programme Manager saw the resources of the programme management team as being there to support TSOs in the delivery of their projects. A number of cases were mentioned where both Programme Manager and local authority finance staff had worked together to help TSOs overcome hurdles in applying for, or claiming, URBAN II funding. The Programme Manager considered himself to be a mediator between local authority officers, who were described as wanting to enforce the contractual requirements associated with the URBAN II funding, and the TSOs delivering the projects:

“The wider community in the voluntary sector, it's not that they don't want to know about the rules and regulations and bureaucracy of European funding, but they have got their own problems. They haven't got time to absorb it all. So part of my job is to stand between them and the rule book and translate it into human. I find that quite a satisfying part of the work and to a large extent, the reason why I do that is because our [URBAN] Partnership Group instructs me to do that.” (Programme Manager)

There was an acceptance that smaller TSOs had an important role to play in bringing about the sustained regeneration of the neighbourhood, but that they would need specific and practical support to utilise the URBAN II funding opportunity. The Programme Manager considered it the responsibility of his team to support TSOs which lacked capacity to obtain URBAN II funding and to help TSOs who had secured URBAN II funding to maximise the benefits they could derive from it:

“We recognised very early on that those organisations in particular simply didn't have the capacity to develop a cogent bid for URBAN. Or at least a lot of them didn't have the capacity and the ones that did would therefore be disproportionately advantaged. So therefore some of the smaller organisations, who desperately needed the kind of help we could give them and were capable of offering us the kind of outputs that the programme

needed to develop, just simply wouldn't have been able to make a successful bid to URBAN II without development help.” (Programme Manager)

Developing the capacity of TSOs was also seen as one of the responsibilities of the Programme Manager and his team. The aim was not only to enable TSOs to deliver desired outputs for the URBAN II programme, but also to help ensure that these organisations were better placed to secure funding from public sector organisations in future. This capacity building process could pose significant challenges for the Programme Manager however:

“They [BRI3] weren't the legal entity. And so an explicit part of our project, when we did phase one of the project, was to provide them with enough internal resources to make them into a legal entity. The idea was that we contracted with the church as a limited company, as a charity, in order to support this sub project which then could become a charity in its own right which we could then transfer the URBAN II contract over to. And that's exactly what happened. It was very, very difficult.” (Programme Manager)

In addition to tackling difficult capacity building tasks, the UPG expected the Programme Manager and local authority staff to engage smaller TSOs. These TSOs were expected to have reservations about trying to access URBAN II funding due to them anticipating onerous reporting and evidencing requirements. The finance team of local authority was expected to take a supportive approach towards smaller TSOs in particular:

“The finance team identified very early that they couldn't get away with just receiving claims and processing them. But they had to take a much more proactive approach to the development of individual projects and building the capacity of individual organisations. So whenever a project is approved, the organisation gets a visit from a finance officer who goes through all of the audit and substantiation requirements, the publicity requirements, the record keeping requirements, all of that kind of thing. And the finance team then keep in touch with them.” (Official, local authority)

In some cases, problems arose at the initial application stage because some TSOs had insufficient reserves and could therefore not offer a contractually viable guarantee to the accountable body for the required match funding. In one case staff from the local authority's finance department wanted a proposal rejected for this reason, but the Programme Manager negotiated to have this requirement waived with support from the

UPG which insisted that smaller TSOs should not be discriminated against due to their lack of financial resources:

“The [BRI2] was a very controversial project because we made [BRI2] commit to providing a very large sum of money, in their terms. I think if memory serves me right, around £50,000 of match funding from their own resources. But if you looked at their bank statements at the time, they didn't have £50,000. Theoretically, at the time that we approved that project, we probably shouldn't have done so because the organisation just simply didn't have the money in the bank. ... It was an act of faith in some respects in the beginning. An act we weren't afraid to take.” (Programme Manager)

There were also a number of instances where staff from the local authority finance department attempted to impose administrative regimes to fulfil the regulations associated with EU funding. These approaches were considered by the UPG a hinderance to the effective delivery of the URBAN II programme, and the Programme Manager was instructed to negotiate a compromise with the finance staff. This proved so difficult that the Regional Government Office had to intervene and underwrite a range of changes in relation to the fulfilment of regulations applicable to EU funding, so that funding rules could be relaxed and TSO led projects could progress:

“The conflict, as I said before, between the City Council and the URBAN II Partnership Group has come from the [local authority] finance team and their ideas of what is and what is not acceptable in terms of eligibility and risk. They tended to take a much more conservative view of what was eligible and what was risky.” (Programme Manager)

“And there were some very major items of expenditure which the finance team just simply refused to pay for. And this was the source of immense conflict. Not only within the programme but also within the target area. And URBAN II, for a while, gained a reputation of being not only a programme which was very difficult to get money out of but also a very unreliable programme in that you got one piece of advice from one part of the council and another piece of advice from another part of the council.” (Official, local authority)

Role of TSOs in the Delivery of the URBAN II Programme

The local authority was described as having a long history of supporting TSOs to do their work in deprived communities. While the role of public sector organisations was considered to be to deliver large scale regeneration projects, such as transport and housing, TSOs were seen as important providers of services at the grass roots of deprived communities. To achieve this, it was accepted that TSOs and local communities had to be given some control over how available resources were used.

“And one of the things which the City Council has historically accepted is that individual solutions in individual areas need tailoring, and that local community and voluntary sector organisations are largely able not only to identify how those particular solutions should be tailored, but also to advise on the delivery mechanism and also sometimes to actually deliver those things. So the City Council has never been particularly worried about engaging with local organisations in order to produce bespoke solutions for each individual area.” (Programme Manager)

Although the Programme Manager was employed by the local authority, in practice the Programme Manager was accountable to the UPG, which made the key operational and strategic decisions on the programme:

“The programme team is managed and instructed by the URBAN Partnership Group and we have always been very conscientious that that is the case.” (Programme Manager)

Despite his status as an employee of the accountable body with direct access to the most senior levels in the local authority, the ability of the Programme Manager to influence the decisions of the UPG appeared limited. UPG members repeatedly demonstrated that they were willing and able to make entirely independent judgements on funding priorities. In a number of instances, proposals put forward by the Programme Manager or the local authority were challenged and rejected:

“One of the greatest, although most frustrating, days in the history of the programme was the day when they first disagreed with me. ... And although I regarded that as extremely frustrating and short sighted, I couldn't help feeling excited and actually rather proud that they had asserted their independence and made a decision which was entirely different to the one that they had been recommended. And they keep doing that. They are no rubber stamp group. They are no bunch of puppets. And they really do consider

matters carefully, even the very, very young members, they read the papers, they consider the decisions that they have to make.” (Programme Manager)

Benefits Derived from the URBAN II Programme

There was a strong awareness that neighbourhoods such as the one in which the URBAN II programme operated continued to suffer from disproportionate levels of deprivation and exclusion, despite repeated and large scale regeneration interventions. The URBAN II programme therefore started out with the aim not merely to fund a range of one-off projects, but to leave a legacy for the neighbourhood that would enable local people to help themselves:

“So right from the beginning, the idea that URBAN needs to leave a legacy, needs to have some form of sustainability beyond its programme life was crucial to the URBAN Partnerships Group’s understanding of what the benefit was going to be.” (Programme Manager)

TSOs which had participated in the URBAN II programme were seen to be better placed to continue their work and engage with public sector organisations to secure contracts for their services, including those that had been developed with URBAN II funding:

“I think they [TSOs] are more comfortable with their own positioning now. The organisations that are relatively happy delivering fairly small scale interventions and working with smaller funding streams to deliver something which is relatively modest, are happy in that respect. The organisations that have the capacity to grow to deliver something bigger now have the capacity to take advantage of neighbourhood management and an increasing devolution of functions from the City Council, or from other statutory organisations.” (Programme Manager)

7.4.2 Programme Level Perspectives of Third Sector Interviewees

TSO interviewees consistently described the Programme Manager as being supportive and helpful. While study participants reported that the Programme Manager had to ensure that the terms and conditions associated with European funding were adhered to, the Programme Manager was seen to be there to help and support them:

"If I get into a problem or an issue, [the URBAN II Programme Manager] will come out and help me work it through." (Project Manager, BRI1)

In addition, the Programme Manager was reported to have made two distinct contributions to the work of TSOs, which were:

- Providing support to access URBAN II funding; and
- Supporting the claiming and reporting process.

Providing Support to Access URBAN II Funding

In the case of BRI3, the Programme Manager provided practical support to help with the development of a proposal that maximised the benefits BRI3 could derive from URBAN II funding. An officer from the URBAN II programme management team explained the funding criteria and supported the drafting of the application, working with the staff and volunteers on the governing body. This resulted in a proposal which maximised the benefits that could be gained to develop the organisation and its services further:

"Obviously the paperwork for European funds was beyond me a little bit. So they offered the support of an officer to help us with the application form and the business plan."

(Project Manager, BRI3)

The Programme Manager also provided support for BRI2 in maximising the benefits of URBAN II. Instead of simply processing the application submitted by BRI2, which was for an administrative post that would be difficult to fund once URBAN II grant had run out, the Programme Manager worked with the senior volunteer leaders of BRI2 to develop a broader project that had the capacity to sustain itself in future:

"To be honest, if [Programme Manager] had not had the openness to want to help us develop our project, I'd have been paying for the administrator, and that would have been it. I would have had a grant of £10,000 a year to pay the administrator's wages for five years and that would have been it. But his vision and his seeking questions of 'well actually what do you want the administrator to do?' made us think, and the project just suddenly went from being this very narrow administrator post to being 'wow, oh my God!'." (Project Manager, BRI2)

Supporting the Claiming and Reporting Process

The URBAN II Programme Manager was described as doing everything possible, within the limitations of the terms and conditions associated with European funding, to support TSOs in fulfilling the funding conditions. BRI3 encountered problems in the start up phase of their URBAN II project because the requirements associated with the administration of URBAN II funding exceeded their organisational capacity, despite their track record of using other regeneration funding prior to URBAN II . Support was provided through the Programme Manager until BRI3 had recruited external consultants and developed their internal systems so that progress reports and claims which were of the required standard could be submitted:

“When we first put our returns in we were well supported I must say that. We did have good support.” (Project Worker, BRI3)

There were also problems and tensions between BRI2 and the Programme Manager in the early stages of the project. The Programme Manager was then seen as demanding and uncompromising in obtaining the required evidence to support the grant claims that were made. Over time, however, relationships with the Programme Manager improved and became trusting and mutually supportive:

“Smooth, smooth as hell now. I mean it is like the return I have just put in. I put the return in and I get an email back from the URBAN II contact and he turned around and said, ‘You are missing a receipt for the permits. Can you fax it to me?’ ... So I just faxed him a copy of the bank statement. We wouldn’t have got away with that historically.”
(Project Manager, BRI2)

7.5 Perspectives on Organisational Change

In this section I present data on organisational changes which were perceived by TSO study participants as being related to the URBAN II funding they had used. I first present data in section 7.5.1 on the benefits which were identified by study participants. This is followed by the presentation in section 7.5.2 of data on the challenges they had encountered.

7.5.1 Benefits Encountered

The data suggest that TSOs benefited from URBAN II funding in a number of ways. The most significant benefits were associated with the development of organisational capacity

to improve and develop new services. This involved the development of organisational processes and structures, increases in organisational participants and changes to organisational goals. In addition, TSOs benefited from improved sustainability of their services. The specific benefits identified by study participants included:

- Development of new services;
- Development of volunteers and volunteering;
- Development of organisational structures and processes;
- Development of the governing body;
- Increased profile; and
- Improved sustainability.

Development of New Services

In the case of BRI1, the URBAN II funded project had been developed from an earlier youth counselling project. At the time of data collection, this earlier youth counselling project had been running for five years and had been funded through a range of other regeneration programmes that had operated in the South Bristol area before. The URBAN II grant was match funded with a range of other funding available to BRI1, creating a youth inclusion programme with a budget in excess of £600,000. This project had achieved a high profile and was considered to be an example of good practice by public sector organisations:

“The [URBAN II project] was identified by the Government Office for the South West as a project that could demonstrate extreme good practice around involving young people in real decision making.” (Project Manager, BRI1)

In the case of BRI2, the URBAN II project also led to a substantial increase in services for young people. This was achieved through the provision of training for the volunteer workers who led and organised the activities, and through the purchase of new equipment. The combination of better equipment and better qualified leaders resulted in a steep increase in the number of young people wanting to take part, thus creating rapid growth in the number of service users. In addition, improved capacity to run outdoor activities opened up new opportunities for BRI2 to develop a commercially viable enterprise:

“Well then, before URBAN II we had operated with two ropes and three harnesses and we swapped harnesses around with the kids. Well now, we can take twenty kids climbing;

everybody's got their own helmet; everybody's got their own harness and it allows us to deliver the activity to a lot more kids." [Project Manager, BRI2]

"Those qualifications have allowed us to go into schools, etc. and sell the product, be it the outdoor pursuits, the activities, the team-building and everything else and what's happened now is we're starting to develop a client base. That then is allowing us to sell our services, shall we say, to a huge audience." [Project Worker, BRI2]

In BRI3 the URBAN II project supported the continuation and development of services previously funded through different regeneration programmes. The URBAN II funding and the new premises that had become available increased the capacity of BRI3 to provide crèche facilities; more mothers could therefore attend courses, meetings, or social activities at the centre. This in turn brought about an increase in the activities at the centre, which were delivered by volunteers, paid project staff and external providers. The increased capacity to provide services to young mothers also led to an increase in the outreach activities, which drew new users into the centre:

"When the URBAN fund came into play, we expanded from [name of] church. We were given this building. We set up an open access session in [part of neighbourhood] and within the Sure Start building. Then we set up an open access session in [another part of the neighbourhood] in their Sure Start building. We were also running sessions here. So we have got four venues running on this estate, maximising accessibility to all parents."
(Project Manager, BRI3)

Development of Volunteers and Volunteering

Over the duration of the URBAN II project the number of regular volunteer workers at BRI1 increased from two, at the very beginning, to sixteen at the time of the data collection. All volunteers were previous users of the services funded by URBAN II, and now helped deliver part of the training or recruit new users. In addition, some ex-users and current volunteers were members of the steering group of the URBAN II project. The volunteers were supervised and supported either by the member of staff providing the tutoring and counselling for young people, or by the project manager who chaired the steering group:

“In terms of a young person's development, it's almost like providing a modern apprenticeship but on a voluntary basis.” (Project Worker, BRI1)

BRI2 was run entirely by volunteers prior to URBAN II and the funding allowed for the systematic and extensive ‘upskilling’ of volunteer leaders. This provided the TSO with valuable synergetic or ‘multiplier’ benefits. These included providing accredited training to BRI2’s own leaders as well as other organisations in the federation, thus saving money on training and at the same time generating income for BRI2. In addition, it was expected that once the younger members amongst the leaders acquired a range of these qualifications, they would be able to find paid work in the outdoor pursuits and leisure industry:

“That was the thing about the [URBAN II project], that it trained us to train young people so that the young people could gain employment in outdoor pursuits and activities.” (Project Manager, BRI2)

BRI3 was a user led organisation, where volunteer workers were previous or current users of services. Volunteers constituted the majority of workers in BRI3, and also made up the majority of members of the governing body. These volunteers were supported by external consultants during the period in which the organisation moved from being a church led project to becoming an independent organisation. Volunteers who were not members of the governing body also received formal and informal training, either through an experienced volunteer or through accredited training courses provided by the local college. For a number of volunteers this ‘personal development’ process led to formally recognised qualifications and regular paid work:

“We only had two crèche workers. So young parents made the decision that they would go into the crèche. Then I partnered up with community learning and then they put on courses, NCFE courses, so that young parents could become qualified crèche workers. So over the past four years we have qualified 22 young parents as crèche workers. So they're able now to work for us and they are able to earn £20 a week, which is their maximum allowance.” (Project Manager, BRI3)

For users and volunteers, the motivation for taking part in the organisational activities was not, however, primarily concerned with obtaining recognised qualifications.

Maintaining social links was seen to motivate volunteers to continue to give their support for the organisation:

“All the current and former users come in and help with all sorts of things. So in some ways, they’re giving their time voluntarily to give back to the project. And that’s what you find; they like to give back, because they got so much from the project.” (Project Worker, BRI3)

Development of Organisational Structures and Processes

The URBAN II funded project led to a significant increase in project activity at BRI2. The combination of larger premises where equipment and documents could be stored and handled, together with an administrator who produced templates for letters, permission slips and kit lists which volunteer leaders could issue as and when required, was considered to be a substantial improvement:

“Every child who comes into the group now gets a standard pack. They all get a welcome letter. They all get the same gift aid form. They’re all getting the same message, whereas before, they were getting five different messages. Having this hub here allows us to do this.” (Project Manager, BRI2)

For BRI3, the URBAN II funding provided additional capacity to develop organisational systems and policies. The staff funded through URBAN II developed a range of policies and procedures to comply with current legislation, and to help ensure that both staff and volunteers were adhering to good practice in their work. Although at times these procedures and systems were experienced as burdensome, they were seen to help workers get a professional perspective on the work they were doing:

“I know certainly that to provide policies and stuff like that has been quite a big process. But no-one’s felt it as a hindrance. I think as workers we feel better that we’re doing it properly because we want to do a good job.” (Project Worker, BRI3)

“It has made us realise the amount of work that we do. You know because you go along and you do the work but you never sit down and actually look at what it is you are doing. It actually makes you reflect a bit more and if you have to write reports and things it makes you reflect on actually what it is you have done. I think. ‘Goodness, did I do all that?’ So I think that’s not a bad thing.” (Project Worker, BRI3)

Development of the Governing Body

The data suggest that URBAN II did not bring about changes which affected the governing body of BRI1. In the case of BRI2, however, the advent of the URBAN II project precipitated a significant extension of the governance structure; and in the case of BRI3, URBAN II led to the development of an entirely new user led governing body.

BRI2 was a member of a national organisation with a federal structure and a number of committees at different regional and sub-regional levels overseeing the work of local groups. All significant initiatives were approved and monitored through these structures, which were designed to delegate accountability from the top of the federation to local groups. Interviewees anticipated significant delays in decision making if the URBAN II project had to go through these committees, and project leaders feared that they would not be able to deliver the URBAN II project through these external governance and accountability processes. Therefore an Executive Committee for the URBAN II funded project was established, chaired by one of the parent governors of the Management Committee that governed BRI2. The Executive Committee was not answerable to the regional structures of the national organisation and therefore could ensure that the necessary decisions were taken while ensuring accountability to the Management Committee of BRI2:

“We would have been answerable to half a dozen or more committees. ... If we had brought it [the URBAN II project] into the [BRI2], the decisions that we were making about how we spend that money would have been over complicated because we would have had to have sought approval from some of those committees.” (Project Worker, BRI2)

In addition to wanting a higher degree of independence from national and regional structures, there was also a recognition that the ‘uniform culture’ of their organisation represented a barrier for many young people on the estate, who were most in need and who were also the most difficult to engage. The URBAN II project was seen as an opportunity to remove barriers associated with the need for formally joining an organisation, thus offering marginalised young people the opportunity to join activities as and when they wanted. Having a governing body that was not directly answerable to the

regional governance structures of the national federation was seen as an advantage in this respect:

“There are set ways of doing things in [our organisation] and it’s been done that way for generations and generations. ... We wanted to say ‘you can come and do this for one time and go away’, whereas with [our organisation] you’ve got to come in, you’ve got to become a member. You take a promise; you take a uniform, etc. and for most children, to a lot of kids around here, that’s not practical, there’s no way. ... I believe, that we are as successful with our numbers and our activities and our delivery and everything else because we’re operating outside of that boundary rather than within it.” (Project Manager, BRI2)

Increased Profile

BRI1 was a large and well-established organisation with extensive networks in the third and public sectors. Nevertheless, the URBAN II funded project was still seen as having made a significant contribution towards the further development of its profile within its public sector networks:

“I mean it was URBAN II that got us recognised by the government’s Drugs and Strategy Team. Government office for the South West got our young people invited to the Home Office annual conference to speak about how you involve young people in real decision making.” (Project Manager, BRI1)

The networks for BRI2 were also well established and largely based on local contacts with parents, young people and staff working in schools or youth services. However, the quality and range of the activities that could be provided as a result of the URBAN II project raised the profile of the organisation in the neighbourhood and increased the support BRI2 could draw on:

“If you wander round the estate, most people have heard about [BRI2] now. If you’re talking to people, they know us and you wander round the estate and people say hello to us. ... There is a huge support network outside that we can tap into and use them for any sort of support.” (Project Manager, BRI2)

Improved Sustainability

There was optimism that the BRI1 youth project would grow and continue beyond the URBAN II funding period. BRI1 had established a good track record over the previous five years in youth inclusion work and public sector organisations were asking for these services to be provided in a number of other locations in the city. While this was a welcome development which suggested that the project would continue after URBAN II funding had stopped, increased demand also led to bottlenecks and to services being over-subscribed:

“The progress of [the youth project] has gone so well. It’s like teachers want so many pupils to come into it but obviously you can only have a certain amount of people on the actual project itself.” (Project Worker, BRI1)

“I can see that it will probably grow. I can probably see that you know because there is such a call for it, there is such a need for it that it will, I think it will probably end up taking some more people on to run it.” (Project Worker, BRI1)

In addition, the services developed through URBAN II were considered to be of a kind that public sector organisations would be interested in purchasing from BRI1. This was a further reason why interviewees felt optimistic about the project’s future:

“So I think I’ve built mainstream services that mainstream agencies will want to buy.”
(Project Manager, BRI1)

In the case of BRI2, study participants felt that the URBAN II project had started a self-sustaining virtuous cycle of investment and development. Income was expected to increase through service charges for outdoor activities and for accredited training provided to other members of the federation. In addition, the number of members paying fees had grown rapidly, providing a source of income that was largely independent from other income generating activities. These developments which had been brought about by URBAN II were considered to provide a good basis for the sustained continuation of BRI2:

“We have done a lot with the URBAN II money. It has enabled us to get that initial training, initial bit of equipment and the great thing is, it becomes self-sustaining. It just

carries on forever because the money that we are saving and the money that we are generating enables the project to continue." (Project Manager, BRI2)

7.5.2 Challenges Encountered

Study participants also identified a number of challenges they had encountered as a result of delivering their URBAN II funded project. These included:

- Competition for funding;
- Administration of URBAN II funding;
- Managing organisational growth; and
- Sustainability of services.

Competition for Funding

The findings suggest that TSOs competed amongst themselves for URBAN II funding to resource their services. For BRI1, relationships with other TSOs were marked by open competition for resources to provide services for young people in the neighbourhood. Competition for funding with other TSOs was seen as normal, however, and BRI1 had established itself as a successful bidder and provider of public sector funded services: *"Obviously when I went for the parenting fund, every single voluntary organisation that worked with parents in the area went for it as well and they only funded one. It's like URBAN II... There is some jealousy in the local VCS about my projects."* (Project Manager, BRI1)

The data suggest that BRI1 was also in competition with public sector organisations. BRI1 provided its services on a large scale, and public sector organisations which were providing services for the same target group were perceived as potential competitors: *"I think that they are vying for a similar group of people and it becomes competition. I know organisations like Connexions forget that you are working towards the same aim: to include young people. We are all going for the same funding now."* (Project Worker, BRI1)

Administration of URBAN II Funding

Submitting claims and progress reports was described as being cumbersome and time consuming, despite the support provided by the Programme Manager and local authority finance staff. BRI1 had substantial systems in place to administer large scale projects, but

in comparison with other funding streams, URBAN II was seen to be demanding with regard to the amount of effort required to make claims:

“The amount of paperwork and bureaucracy that goes with URBAN funding ties us all up is a week’s work every quarter just making the returns.” (Project Manager, BRI1)

Establishing the required monitoring and reporting systems posed particular challenges for BRI3. Although BRI3 had significant experience in managing other regeneration funding, external consultants had to be employed and new procedures developed to manage the URBAN II funding:

“But URBAN was totally different. I mean the finances, we had to put procedures in place and then we got a financial consultant to support the finance officer.... Managing our finances, that was a major, a major one.” (Project Manager, BRI3)

The initial stages of reporting and evidencing project outputs were intimidating for the leaders at BRI2, despite the induction and guidance provided by the funder:

“I mean if I had a comment, I think in the early days as well, just to be given this really scary pack of how you prepare your quarterly report - it’s intimidating! It was scary. I think until we had that first review and they came and checked ... we were still not sure whether we were doing it right, were we?” (Group Leader, BRI2)

Interviewees of BRI2 also reported problems that arose because the Programme Manager and local authority finance staff could not agree on funding criteria, after the funding agreement for the URBAN II project had been entered into. When a grant claim for the purchase of a minibus was submitted, BRI2 was told by local authority finance staff that this item was not eligible. This resulted in protracted negotiations about how the purchase could be financed. In the end Bristol City Council used its own funding to pay for the vehicle to resolve the conflict:

“When the project started, they themselves were very confused and I don’t think they understood fully what they needed to do. We went off like a bullet and we were firing and firing all the stuff that we thought was right and then actually they were still understanding the process and finding out things they needed to understand. When we claimed for the minibus it was, ‘No, you can’t do that. You need to do it a different way.’ And I was like, ‘Well hang on a minute, we are already doing it!’.” (Project Manager, BRI2)

Managing Organisational Growth

Neither BRI1 nor BRI3 reported problems arising from the growth in activity generated through the URBAN II project, but for BRI2, the URBAN II project activity had at times created cash flow problems. Although BRI2 had reached an agreement with the Programme Manager that grant payments would be made within five working days of receiving the claim, there had been several instances where the Project Manager and other volunteer workers used their own money to cover initially the payments that had been made by BRI2. Without having an independent and steady source of income from its membership fees, BRI2 would have struggled to implement the URBAN II project:

“Let’s be fair; if we didn’t have the [URBAN II project] pot separate, we couldn’t do it because we do occasionally have the bill in for the [URBAN II project] that says, it’s got to be paid. We have to take that money out the [organisation] pot and pay it into the [URBAN II project] and when we get the money back from the URBAN office we pay it back into the [organisation name] pot.” (Project Manager, BRI2)

In addition, the URBAN II project put additional strain on the leaders of activities, as they needed to be trained as quickly as possible. This required a significant additional time commitment:

“The biggest problem in the early days was the fact that there was so much we wanted to do and people were saying, ‘Well, hold on a minute, you know, I’ve got a family life on top of this’”. (Project Worker, BRI2)

Sustainability of Services

BRI3 had grown steadily over recent years due to the range of regeneration resources it could draw on. Some study participants began to question whether there was sufficient capacity within BRI3 to raise the income needed to sustain its recent growth in paid staff. As the project had its roots in self-help and volunteering, the services that had been developed were explicitly targeted at meeting the need of its users; the interests and needs of potential commissioners in the public sector did not seem to be of concern to the volunteers who were providing a large proportion of BRI3’s services. Overall staff and volunteers were pessimistic about their ability to secure sufficient funding to pay for the existing level of services:

"I see it as a little bit precarious actually because certainly as a worker, all of the workers here and we are all part time workers except for [Project Manager] we're all doing funding applications. Now I am not a professional fundraiser but we're all doing fundraising. I raised £3,500, I asked for £4,700 to do a residential." (Project Worker, BRI3)

"We have got an existing service that we were offering for free, but now we're saying 'look, you're going to have to start paying for it' and they're saying 'Well, you know this is my budget for the whole of the school for the whole of the year.' It's like £1200 quid is their budget for the whole of the school." (Project Worker, BRI3)

7.6 Analysis of Findings

The findings from the fieldwork in Bristol show that TSOs were affected by URBAN II in many ways, both directly through the URBAN II funded project they delivered, and also indirectly through the actions of the local authority and the Programme Manager.

TSOs encountered substantial organisational change as a result of delivering their URBAN II funded projects, and although these changes were seen to be largely beneficial, they were also found to have brought some significant challenges for the organisations studied. Many of the identified organisational benefits and challenges were encountered by more than one TSO, despite the organisations being different in important ways and the different amounts of URBAN II funding made available to them. Table 8.3 provides an overview of the benefits and challenges that were reported by TSOs in Bristol.

Table: 7.2 Perceived Benefits and Challenges in Bristol

Perceived Benefits	Perceived Challenges
Development of org. structure and process	Competition for funding
Development of new services	Sustaining services
Development of volunteers and volunteering	Administration of URBAN II funding
Development of the governing body	Managing organisational growth
Increased profile	
Improved sustainability of services	

In the following sections the identified benefits and challenges are drawn together and subjected to a preliminary discussion to explore how URBAN II funding affected the TSOs studied. This analysis is undertaken in relation to the organisational elements identified in section 3.5 of the conceptual framework. The provision of services emerged as being of central importance and although service provision relates to all organisational elements identified by Scott (2003) this topic is discussed here as a separate issue. The analysis of organisational changes is therefore presented under the following headings:

- Organisational participants;
- Structures and roles;
- Systems and resources;
- Services;
- Governance and goals; and
- External environment.

7.6.1 Organisational participants

The three case study organisations showed different characteristics with regard to their organisational participants. BRI1 was largely using paid staff to deliver their services, while BRI2 was entirely volunteer based prior to URBAN II. From its inception BRI3 was always led by a paid member of staff who was responsible for the management of the organisation and its services, but most of the actual work in providing services was done by volunteers.

In the case of BRI1 the URBAN II funding was used to pay the employment costs of an existing member of staff to lead on the mentoring and support work for young people. This tutor then recruited former service users and supported them in doing outreach work and in contributing to some of the learning sessions. The number of volunteers working in the department of BRI which was responsible for the URBAN II project had increased significantly through this approach. BRI2 increased its organisational participants only moderately as a result of URBAN funding. Here there appeared to be no increases in the number of volunteer instructors working for the organisation, but the appointment of a part-time administrator and funding to attend training courses significantly improved their qualifications and administrative support. BRI3 saw the largest increase in the number of

organisational participants in terms of paid staff being recruited with URBAN II funding. While volunteers by far outnumbered paid staff, the findings do not suggest a substantial increase in the number of volunteers as a result of BRI3's URBAN II funded project.

All TSOs had a history of working with volunteers and these were supported in a number of ways under URBAN II. This included training in governance and management committee skills, outreach work and presentation skills as well as vocational training courses, such as child minding or outdoor activities. Providing training together with practical work experience for volunteers was considered important to help volunteers obtain paid employment, should they wish to do so. The overall increase in volunteering as a result of the URBAN II funding was modest however, and the TSOs studied largely maintained the number of their organisational participants, although the ratio between paid and unpaid staff changed significantly in BRI3 in favour of paid staff.

The findings also suggest that at times, volunteers were under intense pressure to deliver on commitments their organisation had entered into in return for URBAN II funding. This was particularly apparent in BRI2, where the rapid increase in users and training activities led to intense pressures on volunteer leaders. Although the newly appointed part-time administrator provided some support for the volunteer instructors, it was these volunteers who took the strain of the rapid organisational growth that was being encountered in BRI2.

7.6.2 Structures and Roles

The way in which TSOs organised their work changed significantly in two of the case study organisations. BRI2 established the URBAN II project as an entirely separate sub-project of the organisation, including a separate governing body. Income generating activities were routed through the URBAN II project structure, while the traditional youth activities remained in the original main part of the organisation. Senior volunteer leaders gave much of their time to help develop the URBAN II funded project, in particular the opportunities it afforded to develop a social enterprise from it. While these structural changes brought additional pressures to bear on the key volunteers, this did not appear to affect the main stream of activities provided by BRI2 for young people of the neighbourhood.

There was considerable ambiguity in the roles performed by the senior volunteer workers in BRI2. They spent much of their time and energy on developing the URBAN II funded side of their activities, trying to make sure that their support for the mainstream work of the organisation would not suffer. While there were clear boundaries drawn around the URBAN II project and every attempt was made to ensure that in terms of resources and administration the two parts of the organisation were treated separately, it seemed difficult to say when the interviewees were working on the URBAN II project or on the mainstream of their organisation's services.

BRI3 created paid employment for a number of its regular volunteers with the URBAN II funding it received. This did not result in changes to organisational structures, and working with five part-time staff instead of five regular volunteers did not appear to lead to substantial changes in the way work was organised in BRI3. There appeared considerable overlap between the paid and voluntary work performed by its organisational members, but regardless of such role ambiguity there was shared responsibility for the delivery of services between them.

There was little to suggest that BRI1 changed any of its organisational structures or indeed the roles staff performed to deliver the URBAN II funded project. Here the URBAN II project had grown out of previous projects providing similar services to young people, and the staff in charge of the URBAN II funded were already in post. URBAN II simply paid for a proportion of their employment costs according to the amount of time they spent on the project. Roles were clearly defined and structured into hierarchical relationships, which also applied to roles performed by volunteers.

The introduction of paid staff into BRI2 and BRI3, which were either entirely or largely volunteer led, did not appear to have a detrimental affect on volunteering. Staff were appointed in both organisations to relieve volunteers of administrative tasks, which was welcome as URBAN II funding had led to a substantial increase in activity, thus increasing the administrative burden placed on organisational participants. Volunteering was also important for BRI1, but here volunteers played a more supportive, perhaps marginal role in the delivery of the URBAN II project.

In building on their existing structures and expertise, BRI3 and BRI2 were able to create synergies and multiplier effects which benefited their organisations, their volunteers and their users. The provision of better crèche facilities at BRI3 allowed more young parents to take part in vocational training, which in turn provided them with the skills to gain work experience by volunteering in the crèches. In addition, some former volunteers were employed as outreach workers. They were able to reach and train isolated parents as volunteers who would then support the outreach work of BRI3. This provided opportunities for a growing number of disadvantaged residents to gain valuable work experience, opportunities for personal development, and access to more formal training, while at the same time increasing organisational capacity and deepening organisational links with the local community.

In the case of BRI2, volunteer instructors were trained to provide accredited training for other providers of outdoor activities. Thus BRI2 was able to save money on training fees for its own volunteers, while at the same time generating additional income. The growth in trained volunteers, and the appointment of the administrator, further increased the capacity of BRI2 to provide some of its services on a commercial basis to public sector organisations, such as schools and youth clubs. This in turn contributed to the development of a social enterprise which was likely to provide employment opportunities for its users and volunteers.

7.6.3 Systems and Resources

The development of new services required BRI2 and BRI3 to develop new systems, processes and structures to administer funding and to manage staff, volunteers and service users. This led to intense pressures on paid and unpaid staff, particularly in BRI2, where these developments were accompanied by rapid organisational growth. The findings suggest that the challenges arising from a strain on resources and systems were accepted as side effects that needed to be accommodated in order to develop the organisation. The formalisation of training and personal development of staff or volunteers, and the formalisation of monitoring, accounting and reporting procedures were seen to be of particular benefit. These developments were considered to have increased the capacity of BRI2 and BRI3 to continue to do their work, and to provide public sector funded services in future.

In the case of BRI1, the URBAN II funding did not appear to have had a significant impact on systems, structures or processes. The URBAN II project was one of many large scale projects delivered by BRI1, and the required resources appear to have been in place prior to the development of the URBAN II funded project. Here URBAN II seems to have maintained existing organisational capacity, rather than increasing it. It is notable, therefore, that the most critical comments about demands arising from the fulfilment of funding conditions were made by staff working for BRI1, who compared the URBAN II funding unfavourably with other funding sources from the UK government. BRI2 and BRI3 also reported challenges arising from the administrative requirements of the URBAN II funding but these were resolved with the support from the Programme Manager. The changes of systems and resources were considered to have been largely of benefit to them.

The findings overall suggest that TSOs were able to create new, and sustain existing, services with URBAN II funding, by building on their existing expertise, resources and systems. The development of systems and processes drew largely on existing resources and appeared to be primarily associated with the administrative requirements resulting from the URBAN II funding, as well as the increases in services TSOs were providing.

7.6.4 Services

The URBAN II funded project substantially increased capacity to provide services in all three TSOs. These services were new and distinct from other services provided, but were built on previous projects and expertise. The findings suggest that this kind of 'organic' growth in services allowed the TSOs studied to develop their organisational structures and processes in ways which reflected their organisational preferences and strengths. In addition, these new services also had advantages for existing services that had been provided prior to URBAN II, for example by attracting new service users who might then become involved in other services and activities that were provided. All three TSOs considered the development of new services as a substantial benefit for their organisation and their stakeholders.

There was little growth in numbers of organisational participants delivering new services, however. Although the two smaller TSOs, BRI2 and BRI3, had appointed new staff to manage and develop systems, co-ordinate work and administer funding, they continued to rely primarily on existing volunteers to provide their new URBAN II funded services. In BRI1 the new service was delivered through existing systems with existing organisational participants who had provided similar projects in the past. The addition of new services and increases in service users did not appear to cause pressures or strain for organisational participants. In the case of BRI2, rapid organisational growth created intense pressures on key individuals, and were primarily associated with them participating in training, purchasing equipment, obtaining new premises and similar developments of their organisational capacity to provide services.

However, there were also concerns over the sustainability of the services that had been developed with URBAN II funding. For BRI1, the main concern was to ensure that public sector organisations were willing to purchase the service developed with URBAN II funding, and that public sector organisations would not develop similar and competing services themselves. BRI3 was struggling to find a way of generating sufficient income through service delivery contracts to sustain five new part-time members of staff. At the time of data collection there was no strategy in place that would have safeguarded these posts. For BRI2 the situation was different. Here the URBAN II project had led to a significant increase in income and capacity to generate further income through service charges so that there were few concerns over the continuation of its newly developed and improved services.

7.6.5 Governance and Goals

The three TSOs studied shared similar organisational roots. All had been established by people living or working in the neighbourhood with the aim of supporting local people in need. BRI1 had come about through the work of local residents trying to create employment and training opportunities, and over time had developed into a large provider of public sector funded services. BRI2 came about through the initiative of a local resident to create youth facilities on a deprived housing estate, and BRI3 was initiated by the local church to support teenage parents in the neighbourhood. All three TSOs were

governed by local people, and in the case of BRI1 and BRI3 there were also some public sector representatives on the governing body.

URBAN II affected the governing bodies of the two smaller TSOs in significant ways. In the case of BRI2 the URBAN II funded project not only precipitated a marked departure from the organisational goals of its parent organisation, but also in its governance structure. A new body was created specifically to govern the implementation and further development of the URBAN II funded project. The project had created a number of socio-economic goals for BRI2 which were not part of its original purpose, including the provision of commercial outdoor pursuits and employment creation. The findings suggest that the operation of this extended governance structure and the pursuit of socio-economic goals were considered entirely beneficial, not undermining the original organisational goals and the work of the main governing body. Instead BRI2's capacity to fulfil its original organisational purpose was enhanced.

The governing body of BRI3 was affected differently. Here the URBAN II funding was offered, but not allocated, until the user led governing body had undergone a capacity building process. This process was intended to enable users to incorporate BRI3 as an independent charitable organisation to which the URBAN II grant would be given. Members of the governing body felt more competent in managing their organisation as a result of taking part in this process and the finding suggest that they gained in personal confidence as well. Thus, this 'governance capacity building process' was considered to have given users more control over their organisation and enabled them to lead it independently.

The finding show that the governing body and organisational goals were not affected in the case of BRI1, which was a large organisation providing a range of public sector funded services in the neighbourhood. While the URBAN II project had a steering group which was drawn from current and former users of similar services, the organisation overall did not appear to have changed its governance or goals as a result of participating in URBAN II.

7.6.6 External Environment

The findings show that URBAN II supported TSOs in the development of their external relationships with public agencies as well as local residents, both through the projects that were funded and also through the actions of the Programme Manager.

The Programme Manager played a pivotal role in facilitating collaborative working between public sector staff, such as the finance officers working for the accountable body, and the TSOs themselves. His control over programme resources and processes enabled the Programme Manager to help smaller TSOs satisfy monitoring and reporting requirements, while he was also encouraging public officials to be as accommodating as possible in releasing and monitoring URBAN II funding.

The URBAN II funded projects themselves also helped TSOs to increase their profile amongst public agencies. In the case of the large BRI1 this profile extended to regional and national agencies, while for the two smaller TSOs it was local public agencies which seemed to take more of an interest in their work. Local residents also became more involved in the work of the TSOs, in particular through voluntary activity, but also through an increased take up of services.

The findings show that URBAN II funding can cause competition between TSOs and public sector agencies. BRI1 had used URBAN II and other regeneration funding to develop new approaches to tackle social and economic exclusion amongst young people, and now expected public agencies to provide funding so that these services could be continued. The fear was that public agencies would instead adopt these services and provide them directly, rather than continuing to fund external providers with mainstream resources. There seemed to be little competition for URBAN II funding amongst TSOs however, and the two smaller TSOs did not appear to encounter competition for resources with public sector agencies.

7.7 Preliminary Discussion of Findings

Overall the approach taken towards the delivery of the URBAN II programme in Bristol seemed largely collaborative. There were mutually supportive relationships between TSOs as recipients, and the Programme Manager as the controller of URBAN II funding.

Once initial tensions between the LDP and finance officers working on behalf of the accountable body had been resolved, relationships between local authority finance staff and TSOs also became more supportive than controlling.

The findings show that the Programme Manager, together with the LDP and the local authority, can make an important contribution towards supporting TSOs in gaining access to, and maximising the benefits from, URBAN II funding. There was a willingness on the part of both the LDP and the accountable body to 'bend the rules' to accommodate the strengths as well as limitations of local TSOs. This could have been related to the control local people and TSOs had over the governance of the programme. There was also a clear recognition at the outset of the programme that TSOs were different from public agencies; they needed support to enable them to use the URBAN II funding most effectively to engage with target groups both the URBAN II programme and TSOs wanted to reach. It was accepted that smaller TSOs would struggle to access URBAN II funding, and there was a willingness to take risks in order to help these smaller TSOs to secure URBAN II resources and make their contribution towards the achievement of programme objectives.

The local authority strengthened the influence of the local community by supporting the establishment of an LDP which was controlled by the intended beneficiaries of the URBAN II programme, rather than public sector agencies. Thus the local authority, as the accountable body, purposefully relinquished some of its control over the programme in favour of local residents and local TSOs. However, there were significant tensions arising from the wishes of the LDP and the procedures the local authority felt had to be followed to fulfil EU funding conditions. These tensions were so profound that the Regional Government Office had to step in and adjudicate in the interpretation of the regulations which govern the use of EU funding. Although the Government Office was able to resolve these tensions, and do so in favour of the LDP, these problems are an indication of the internal challenges public sector agencies can encounter when trying to pursue strategic intentions about empowering communities. Putting these aspirations into practice seems to create substantial challenges for public agencies.

The findings suggest that TSOs, the Programme manager, the LDP and the local authority were working closely together to develop projects which had the capacity to sustain themselves once URBAN II funding had run out, thus leaving a 'legacy' for the

neighbourhood. This included the development of skills, structures and services which would enable TSOs to secure funding from public and charitable organisations in future. In addition, public sector agencies activity supported the development of organisation capacity amongst TSOs, for example by providing premises at a peppercorn rent or by purchasing services from TSOs that had been developed with URBAN II funding.

The Programme Manager seemed to do everything possible to help TSOs turn their project ideas into proposals that could be funded by URBAN II. At times this involved intensive and prolonged collaborations. In the case of BRI2, the Programme Manager supported the development of a business plan for the creation of a social enterprise which maximised the opportunities and benefits BRI2 could derive from the funding. For BRI3, the Programme manager provided sustained capacity building support to enable volunteers and staff to develop an independent TSO, capable of securing URBAN II funding and continuing its work with teenage parents in future. In these cases the collaboration between the Programme Manager and TSOs seemed at times to be so intense that boundaries between the roles associated with the control of funding and the utilisation of funding became blurred. Both TSOs and Programme Manager wanted to create a service which neither side could create on their own. Hence the findings from Bristol point towards an example of the 'co-production' of services between public and third sector agencies.

TSOs themselves appear to have made careful choices about how they used the URBAN II funding opportunity. In all three cases TSOs used URBAN II funding to build on and develop their organisational structures and services. These developments appear to have been carefully planned, involving organisational participants of TSOs, technical advice and guidance from the Programme Manager, review and assessments by the LDP and further revisions by the TSO. This project development process appeared to be rigorous and supportive at the same time, and the findings suggest that the TSOs studied benefited from these developmental processes as well as from the URBAN II funded projects themselves. Smaller TSOs substantially increased their organisational capacity. While the sustainability of the URBAN II funded service was in question in some cases, the organisations themselves did not appear to be threatened in their survival as a result of participating in URBAN II. Instead TSOs in Bristol seemed better placed to sustain their work as a result of the URBAN II funding they had used.

Volunteers played a central role in the delivery of URBAN II funded projects in Bristol and the URBAN II funding was used in ways which kept volunteers engaged. Their contribution towards the work of the TSOs studied was not undermined through URBAN II or the employment of staff. On the contrary, URBAN II funding facilitated their professional and personal development, providing a range of training and work opportunities which could help some volunteers obtain paid employment in the future. The findings further suggest that the pressures experienced by volunteers and paid staff seemed to be less the result of additional services that were being provided. Instead it seemed that changes in organisational structures and processes were the main cause for these additional pressures. Volunteers appeared to be drawn on to help deliver more services if required, while senior paid and unpaid staff brought about the changes in structures and processes that were considered necessary.

Despite the strong collaborative approach practiced in Bristol, the findings also point towards URBAN II funding as a source of competition. However, this competition appears to be more pronounced between large TSOs and public sector organisations, rather than between TSOs themselves. This sense of competition reflects the need of larger TSOs to secure substantial and continuous income streams to maintain their operations. If new interventions are proven to be effective there is an expectation that public sector organisations will not take over the services themselves but will provide funding to enable TSOs to continue such services. Smaller TSOs, in contrast, seemed to occupy a particular 'niche' in the local network of service providers and were not concerned that someone else might provide 'their' services. Hence the two smaller TSOs appear to have used URBAN II funding to fill important gaps in service provision in the local area, and their future 'ownership' of these services was not disputed or threatened by either public or third sector organisations.

Part III: Synthesis and Discussion

In Part Three of this thesis I draw together the findings presented in the foregoing chapters and discuss them in relation to the research questions which guided this study. Chapter Eight addresses the question of how URBAN II funding has affected the TSOs that were studied. In doing so the identified organisational changes are analysed in relation to key organisational elements set out in the conceptual framework in Chapter Three and discussed in relation to the literature that was reviewed in Chapter Two. Chapter Nine moves on to the second research question, exploring the differences between the three localities which provided the context for this study, and relating these to the organisational changes that were identified. The question of whether, and to what extent, EU funding might be different from governmental funding is discussed in Chapter Ten, drawing on the analysis of the two preceding chapters as well as the literature which was reviewed in Chapter Two. In a final analytical step the contribution to knowledge made by this thesis is set out in Chapter Eleven, together with a discussion of the implications of the findings for national and EU policy as well as for third sector research.

Chapter Eight: Organisational Change in Third Sector Organisations

8.1 Introduction

This chapter explores the first research question which guided this study:

How does URBAN II funding affect TSOs involved in the delivery of URBAN II funded projects?

The exploration of organisational changes resulting from URBAN II funding was structured around a number of principles set out in the conceptual framework contained in Chapter Three. These were based on organisational theory which conceptualises organisations as having a number of universal organisational characteristics (see sections 3.5 and 3.6). The analysis which follows in this chapter therefore focuses on five such universal organisational characteristics, which are:

- Organisational participants,

- Organisational structure and roles,
- Organisational systems and resources,
- Organisational governance and goals, and the
- External environment of TSOs.

In addition, this study is based on the assumption that TSOs have a range of distinctive features (see sections 3.5 and 3.6). Hence in the analysis there is a particular focus on:

- Changes in the number and composition of paid staff and volunteers;
- Changes in the roles and behaviours of organisational participants;
- Changes in the development of new skills or services and the introduction or development of administrative systems;
- Changes in the composition of the governing body and organisational goals, and
- How URBAN II funding has affected the interactions between LDPs, public agencies and other TSOs.

The preliminary analyses of the data collected in individual URBAN II sites (sections 5.7, 6.7 and 7.7) suggested that the provision of services is an organisational characteristic which warrants specific attention. Hence the provision of services has been included as an additional analytical category here, and is discussed together with the other analytical categories referred to above.

The findings from the preliminary analyses further suggested that organisational size and the actions taken by the TSOs themselves in securing and delivering their URBAN II funded projects also played an important part in determining the way in which URBAN II funding affected them. These findings are discussed in section 8.3. In addition, the actions taken by the Programme Manager and LDPs in charge of URBAN II funding were found to influence the way in which URBAN II funding affected TSOs. These findings are discussed in sections 8.4 and 8.5. The results of this analysis are drawn together in section 8.6 to provide an overall assessment of how URBAN II funding can affect TSOs.

8.2 Organisational Changes Resulting from URBAN II Funding

This section is broken down into six analytical categories based on the organisational characteristics set out above. This is intended to support a structured presentation and

analysis of the findings and does not suggest that organisational changes discussed here can be considered to affect TSOs in isolation from each other. In line with the conceptual framework developed in Chapter Three, individual organisational elements need to be understood as being interconnected, influencing and being influenced by each other. Thus, many of the organisational changes that are identified can be related to more than one analytical category in this chapter.

Organisational Participants

Volunteers contributed to the delivery of new services in most of the TSOs studied, and in a number of cases volunteer numbers increased dramatically as a result of the URBAN II funded project. At times the increase in volunteers put severe strain on paid or unpaid staff with responsibility for managing the organisation. Overall, however, the inclusion of volunteers was seen to be of substantial benefit and seemed to outweigh the demands that arose from their training, support and management.

The findings suggest that the formalisation and professionalisation of smaller TSOs did not discourage the engagement of volunteers as some of the regeneration literature would suggest (Milligan and Fyfe 2005). On the contrary, TSOs which were closely involved with volunteers prior to URBAN II were also able to maintain their involvement through their URBAN II funded project. On the other hand, URBAN II did not specifically encourage the involvement of volunteers. TSOs which previously had little or no volunteer involvement and delivered their services primarily through paid staff continued to do so and did not appear to encounter pressures to engage more volunteers as a result of their using URBAN II funding.

In a number of cases, paid staff were introduced into TSOs, which prior to URBAN II, relied on volunteers to do all or most of their work. However, the introduction of paid staff into these TSOs did not create the kind of tensions between paid staff and volunteers predicted in the literature (Davis Smith 2001; Fyfe and Milligan 2003). This may be in part because paid staff were employed to provide support for volunteers. While paid staff were dealing with administrative tasks, volunteers were trained and supported to do the work they felt strongly about, and in some cases this included vocational training to improve their prospects of obtaining paid employment in the future.

Organisational structure and roles

Formalisation and professionalisation of organisational systems and structures was identified in a number of TSOs across the three sites, but mainly in the smaller TSOs. Most of the smaller TSOs went through a challenging growth process which involved the development of administrative systems, and the development of skills required to use the new systems. These changes were not considered as having been imposed by funders, nor were they seen as a negative development. Instead, most smaller TSOs reported that they valued the formalisation and professionalisation of their organisation because they felt better placed to achieve their organisational goals.

One of the key findings from this study is that the formalisation and professionalisation of organisational structures and processes was largely seen as being of benefit to the TSOs concerned. It did not, as the literature reviewed in Chapter Two suggested, lead to predominantly negative outcomes for TSOs. While the actual process of changing their organisation was associated with severe pressures on paid and unpaid workers as well as on members of the governing body, the organisational outcomes of this change process were seen as predominantly positive by study participants.

There were also significant changes in the roles that organisational participants fulfilled. Some volunteer workers became paid employees, and others became members of the governing body. Yet in some TSOs the URBAN II funded project led to entirely new organisational roles, such as volunteers providing training or services to other organisations on a commercial, fee paying basis while continuing their voluntary work with the main target group. The findings also show that there was a significant amount of 'role ambiguity', or flexibility in the way that paid and unpaid staff in smaller TSOs decided to do their work. The URBAN II funding did not appear to inhibit or restrict the choices organisational participants wanted to make in this respect.

In contrast to smaller TSOs, little change to structures and roles was found in the larger TSOs studied. None of them appeared to have formalised or professionalised their structures and processes in response to the demands arising from the URBAN II funded project. It is likely that the required organisational capacities to respond to the demands arising from the use of URBAN II funding were already in place, thus requiring only limited adjustments to structures or roles. However, limited organisational change in

structures and roles did not mean that large TSOs encountered fewer problems than smaller TSOs. On the contrary, some of the most severe strains were encountered by TSOs which were large professional service providers, and which were accustomed to dealing with large public sector funded contracts. The findings from the URBAN II site in Berlin illustrate how extensive the strain on systems and people can become, without creating tangible improvements in organisational capacity.

The findings from this study do not support arguments in the literature that the professionalisation of TSOs leads to a reduced engagement of local communities in regeneration contexts (Fyfe and Milligan 2003; Shirlow and Murtagh 2004). In most cases the URBAN II project led to an increase in the accountability of TSOs to their local stakeholders, possibly in part because the influx of URBAN II funding may have made the services more significant to them. In a number of cases this resulted in an increased involvement of local residents in voluntary work and increased the participation of local people in the governance of TSOs. This study suggests that where TSOs had strong links to their local communities prior to accepting URBAN II funding, the URBAN II funded project enabled them to consolidate and extend these contacts. Where there had been weak links between TSOs and the community, the URBAN II funded project seemed to have changed little in this respect.

Organisational systems and resources

The administration of URBAN II funding was considered to be a challenge by most TSOs. In some cases this led to severe strain on organisational participants and systems without creating significant organisational gains, but most TSOs, in particular those operating in Belfast and Bristol, found that they had benefited from the development of new systems and structures. These developments created substantial organisational improvements in many TSOs. They enabled organisations to do their work more effectively and also left them in a better position to secure public sector funding once the URBAN II funding had run out.

The most severe strain resulting from the administrative requirements of URBAN II funding was encountered by TSOs in Berlin. The reasons for this seem to include a lack of URBAN II funding to purchase additional administrative support to deal with the requirements arising from the management of substantial amounts of EU funding and

associated increases in organisational activity. This was in contrast with Belfast and Bristol where TSOs had funding to employ staff or had staff seconded by other agencies to assist them with the administration of the URBAN II grant, and also to deal with increases in organisational activity resulting from the new services TSOs were delivering.

Improved premises were an important new resource for a number of TSOs and enabled them to accommodate more workers and users and to develop new services. However, in a number of cases there were concerns over their ability to secure sufficient income to maintain their new or improved premises as well as additional paid staff recruited with URBAN II funding. Thus the sustainability of the newly acquired organisational systems and resources beyond the duration of the URBAN II programme was called into question where these improvements in organisational capacity were dependent on additional and ongoing expenditure.

Service provision

URBAN II funding led directly to the provision of new or improved services in most of the TSOs studied, particularly in Belfast and Bristol where every TSO received funding for service provision. In Berlin, TSOs received funding almost exclusively for the refurbishment of government owned buildings and had to raise funding for the provision of services from other sources. Furthermore, URBAN II funded few staff in Berlin with the result that the TSOs struggled to utilise their new or improved premises because they had to deliver their URBAN II funded project without additional administrative support while trying to raise funding for new services. Hence TSOs in Berlin reported few benefits arising from their URBAN II funded projects in relation to the provision of services.

The extent to which TSOs developed their services also varied significantly. Larger TSOs tended to rely almost entirely on paid staff and were also the most eager to consolidate their service provider role in the locality. Smaller TSOs, in contrast, seemed to be wanting to maintain an informal approach, responding flexibly to the needs of their stakeholders. There were also examples where TSOs avoided taking offers of additional funding from public agencies to provide more services, and instead challenged public agencies to improve their service provision rather than to pass this responsibility over to TSOs.

TSOs which built their new services on previously existing services seemed to be able to turn the challenges arising from increases in service activity to their advantage. In the two cases where TSOs used URBAN II funding to undertake work of which they had little experience, a range of problems were encountered. The transport project of BEL1 was an entirely new type of service for the organisation, and its delivery resulted in far reaching challenges, including a loss of support from its stakeholders in the local third sector. For BER3, which had its roots in youth work and vocational training, the refurbishment of the large premises they rented from the local authority created a range of severe and far-reaching problems which affected the services that could be provided, the people working for the organisation and the goals that the organisation tried to pursue.

Organisational governance and goals

A number of smaller TSOs increased the capacity of their governing bodies in response to the pressures they encountered from the delivery of their URBAN II funded project. This included the recruitment of residents, service users and volunteers to the governing body, as well as the development of sub-committees and formal training of board members.

In most of the larger TSOs there appeared to be little involvement of the governing body. Governing bodies appeared remote from the work that was being done through URBAN II, and there seemed no direct input from them into the development or delivery of services in general. However, while some senior officers may have deliberately kept the involvement of their governing bodies in operational matters to a minimum (Harris 1996) the findings show that support from the governing body can be critical for larger TSOs in helping them to navigate the challenges arising from an EU funding stream.

The findings from this study contradict a number of arguments in the literature on the governance of TSOs. These arguments include that governing bodies can lose control over the overall direction their organisation as a result of receiving large sums of funding (McKinney and Kahn 2004) and that the pressures resulting from the acceptance of large sums of funding lead to the appointment of more 'professional' board members (Harris 1998b; Harris 2001b). The argument by Lewis (1996) that regeneration funding reduces the accountability of TSOs to local stakeholders is also not borne out by the findings. Rather this study suggests that URBAN II funding did not make it more difficult for TSOs to be accountable to their local stakeholders. Where there were strong links to the

local communities and ways through which TSOs were required to account for their actions, these appeared to be maintained or strengthened in many cases through the URBAN II funded projects that were delivered. On the other hand, where such links and structures did not exist or were limited, URBAN II seemed to do little to increase local accountabilities.

Accountability to local communities seemed least well developed amongst larger TSOs, which seemed to pursue organisational goals focused on professional service delivery. The ways in which larger TSOs pursued their interest reflects approaches chosen by social enterprises to do their work, including a focus on the provision of service that someone is willing to pay for (Defourny and Nyssens 2006). In larger TSOs, accountability to local stakeholders seemed important but not essential for the delivery of the URBAN II funded project, and sometimes also less important than good relations with public agencies which might fund their services in future.

The findings do not point to URBAN II funding as a strong driver for the change of organisational goals. However, there were a number of instances where TSOs changed their organisational goals in response to the opportunities URBAN II funding could offer. These changes seemed carefully considered, and a response to long held organisational ambitions, such as the increase of income generating activity to resource voluntary work with young people (BRI2) or a response to deep rooted problems, such as a lack of synergy between youth work and youth training in a relatively small neighbourhood (BER3). In both these cases, changes to organisational goals appear to have been of benefit to the TSOs concerned and enabled them to do their work more effectively. However, the case of BEL1 shows that the promise of substantial amounts of funding can also lead to 'mission drift' and projects which create a wide range of serious challenges. It is in such situations that TSOs become more vulnerable because, as the findings for BEL1 indicate, TSOs can become more dependent on funding decisions by public agencies while at the same time losing support from their local stakeholders.

External Environment of TSOs

Competition for funding was reported as a challenge by most TSOs, but in particular by TSOs which depended largely on paid staff. TSOs which relied to a significant extent on paid staff to deliver their URBAN II funded project appeared to have a strong interest in

using URBAN II to develop relationships with public sector organisations in order to improve the likelihood of securing funding from them in future. In such cases the URBAN II funding had been used to provide a service which had the potential to be 'purchased' by public sector organisations, once its value had been demonstrated.

The work undertaken with URBAN II funding was reported to have raised the profile of a number of TSOs amongst public sector organisations. By developing new services, which built on existing expertise and which responded to a particular local need, TSOs were able to maintain support from local people and at the same time attract support from public sector organisations. A number of TSOs suggested that their services had become more attractive to public sector organisations because of the substantial support they received from the local community; which was an indication of the value local people attached to these services.

Although URBAN II funding brought a number of TSOs closer to public sector organisations, this was not found to lead to their incorporation to the extent where they might lose their distinctive third sector features, as suggested by Brandsen et al. (2005). In a number of cases just the opposite was found: Two smaller TSOs in Belfast (BEL2, BEL3) and a large TSOs in Berlin (BER2) took deliberate steps to maintain their distance from public sector organisations, and at the same time, tried to increase their engagement with their local communities. These TSOs reported that they did not want public sector organisations to pass their statutory duties on to them. They saw their role as making a contribution which was complementary to that of public sector organisations, and as engendering co-operation and collaboration between public sector organisations and local communities.

There were also cases where TSOs either asked explicitly for public sector organisations to take more responsibility for the delivery of the services that they provided (BER3), or were hoping that in due course public sector organisations would engage them as a provider of a government funded service (BEL1, BRI1, BER1). Thus, some TSOs seemed to consider their incorporation into public sector structures beneficial, while others tried to avoid it.

Small TSOs which involved volunteers were generally able to maintain their connections with their local community while also improving their relationships with public sector organisations. However, maintaining a balance between influencing public sector organisations and accessing their resources, while at the same time remaining independent from them and maintaining accountability to their local communities, was a challenge for many. The URBAN II funding did not appear to make it more difficult for TSOs to maintain or achieve this balance, however. Rather the resources involved seemed to give more weight to the task of ensuring that the ties to local communities were not weakened, while relationships with public sector organisations were developed or maintained.

Some TSOs reported that their participation in URBAN II had enabled them to increase their capacity to access European Union funding. This was considered to be a significant benefit because it opened up new opportunities to access substantial amounts of funding which were not entirely controlled by local public sector organisations.

8.3 Differences Between Large and Small TSOs

The sample drawn for this study was diverse, ranging from very local and entirely volunteer based TSOs to organisations which were providing services across whole cities and relying entirely on paid staff to do their work. Organisational roots and founders were also diverse. Patterns of findings suggest that TSOs receiving URBAN II funding in the UK were more likely than TSOs in the FRG to have been created by local activists and to have emerged from the grass roots. The purposes of TSOs and their URBAN II funded projects were also very diverse, ranging from large scale physical construction projects to bereavement counselling services. Despite these diverse organisational characteristics the above analysis points to a degree of consistency in the ways in which URBAN II funding can affect TSOs, related to their size.

The findings show that smaller TSOs encountered extensive organisational change as a result of using EU funding. Such change involved the development of organisational structures, processes and governance, as well as increases in the number of organisational participants, and improvements in their skills. These changes in turn led to formalisation and professionalisation, but not to a reduction of their connection with, or accountability

to, local communities. On the contrary, large increases in volunteering resulted from smaller TSOs having utilised URBAN II funding, leading to the active engagement of marginalised residents in some of the most deprived communities of Europe.

Larger TSOs were found to encounter fewer organisational changes, and in some cases seemed to have used URBAN II funding to maintain, rather than to increase their organisational capacity. However, the existence of structures and processes capable of dealing with public sector funding and contracts did not prevent negative organisational impacts. Some of the most severe strains from using URBAN II funding were encountered by larger TSOs, without creating significant benefits in terms of their organisational development.

The literature suggests that smaller organisations are more likely than larger, more structured and better resourced organisations to find the challenges associated with the use of regeneration or other public sector funding difficult to deal with (Alcock, Harrow et al. 1999; Scott, Alcock et al. 2000). All smaller TSOs studied went through very significant organisational change, but overall this seemed to have been less stressful and more manageable than the profound challenges encountered by some of the larger TSOs studied. The study analysis also shows that larger TSOs can encounter profound organisational challenges arising from the use of URBAN II funding, affecting workers, structures, processes and goals, but that these challenges do not necessarily lead to substantial organisational change. Thus the findings from this study do not support the argument that smaller TSOs suffer disproportionately from organisational change resulting from the influx of public sector funding.

Challenges arising from the actual or perceived competition for funding also appeared to be more pronounced in the larger TSOs studied. Funding was needed to maintain existing organisational capacity, in particular paid staff. Many smaller TSOs appeared to be less dependent on funding to do their work, particularly where they had used URBAN II funding to develop or maintain support from local stakeholders. Conversely, the findings show that the employment of paid staff can create substantial challenges for smaller TSOs because this forces them to compete with other, often larger and better equipped, TSOs.

8.4 Actions Taken by TSOs

In many cases TSOs had made careful choices about how they were going to use URBAN II funding, provided the LDP and the Programme Manager had given them opportunity to do so. In Berlin TSOs had little choice about how to use URBAN II funding because there they responded to a competitive open tender process in which details about the nature of the URBAN II funded project, as well as its delivery, had already been determined. Decisions by TSOs to participate in the Berlin URBAN II programme were therefore largely based on a self- assessment of organisational capacity and expertise in relation to the requirements specified in the tender documents.

In Belfast and Bristol the situation was markedly different. Here TSOs were able to put their own project ideas forward and could draw on the guidance and technical advice of the Programme Manager in the development of their project. Proposals were subject to rigorous assessment processes which were not solely focused on the technical capacity of TSOs to deliver a particular project. TSOs had to demonstrate a track record of working with local communities, that their proposals had support from local people and that they had some experience of delivering similar projects. Lack of experience, however, was no barrier to TSOs securing URBAN II funding if the project was assessed as important. In such cases capacity building support was arranged which drew on the expertise and resources of the Programme Manager (for example BRI2) or external consultants (for example BEL3), or both (BEL2 and BRI3).

However, turning the relatively short term funding from URBAN II into long term benefits posed challenges for TSOs which employed additional staff, or took on other additional financial commitments through their URBAN II funded project. In some cases this resulted in TSOs having to divert existing organisational resources to deliver the URBAN II project, for example, the transport project in Belfast. In Berlin TSOs had to draw on their own resources to pay the local authority rent for premises which they had refurbished. Thus there was concern in a number of TSOs that they might struggle to generate sufficient income to maintain organisational benefits once URBAN II had come to an end.

Some of the TSOs studied intended to use the new services developed with URBAN II funding as a way of securing more funding from public agencies in the future. Larger TSOs, in particular, saw the investment made through URBAN II as an opportunity to develop their profile as a local provider of public services. However, there were also cases where TSOs deliberately maintained a distance from public sector funders despite opportunities to draw down more funding from them. This seemed to be a result of TSOs wanting to safeguard their independence and ability to respond to the needs of their stakeholders, but also reflected their concerns about public sector agencies trying to distance themselves from responsibilities which were traditionally associated with the provision of public services. Instead TSOs used their increased organisational capacity to lobby public agencies to do more for their stakeholders, rather than attempting to do the work themselves.

8.5 Actions taken by Programme Managers and Local Development Partnerships

Programme Managers took very different approaches towards working with the TSOs studied. In Belfast and Bristol they provided a wide range of support to help TSOs turn their ideas into projects and services. There was also an expectation that TSOs should benefit from their URBAN II funded projects in ways which would enable them to continue the URBAN II funded service beyond the programme funding period. The Programme Manager created opportunities to jointly develop projects with TSOs and also took some responsibility for their implementation. This could involve the Programme Manager seconding staff, handling finances, providing technical guidance, supporting business planning and feasibility studies or providing training and capacity building support through external consultants. In all such cases the Programme Manager seemed to build on existing organisational capacities within TSOs, providing support in ways which responded to their particular needs and circumstances.

In a number of cases, the interactions between TSOs and Programme Managers went beyond the provision of technical advice, guidance and support, and created a situation where outcomes were *jointly* produced. In the case of BEL2, BRI2 and BRI3, the Programme Managers appeared to work at times as though they were a staff member of

the TSO they were supporting. TSOs actively co-operated in this process, even when this was at times connected with intensive pressures on individuals.

The findings further show that the capacity building role fulfilled by Programme Managers was most wide-ranging in smaller TSOs. The URBAN II programme provided a framework within which valuable resources from the Programme Manager or other public sector stakeholders, such as access to networks and decision makers, technical knowledge and skills, could be transferred to smaller TSOs informally and in ways which responded to their specific needs and circumstances. But, in providing support and in taking a collaborative approach Programme Managers themselves faced a challenge, that of balancing their role as a controller of EU funding with that of a supporter of TSOs wanting to use this funding. The findings suggest that LDPs play an important role in helping Programme Managers achieve this balance, and also in providing support for Programme Managers when regulations get in the way of providing support for TSOs.

The support offered by the Programme Manager in dealing with the reporting and claiming procedures associated with URBAN II funding also appeared to be important in reducing pressures on TSOs. The findings point to significant flexibilities which Programme Managers and LDPs have in fulfilling regulations associated with the use of EU and public sector funding. Regulations were waived in Bristol to accommodate the actions taken by a TSO (BR12) and local authority finance staff were also on hand to support TSOs in submitting their claims for URBAN II funding. Similar arrangements were in place in Belfast. Here the accountable body was itself a TSO and seemed to have taken every possible step to reduce the administrative burdens placed on TSOs in advance of offering the URBAN II funding to them.

The situation in Berlin was quite different. Here there was little to suggest that TSOs received support from the Programme Manager in the development or in the administration of their projects. The Programme Manager seemed to be focused on the management of service contracts, with the prime objective being the fulfilment of contractual obligations. No allowances were made when the external conditions changed so fundamentally that TSOs were no longer able to access government funded training schemes to recruit their workforce for the refurbishment of buildings, and thus generate

match funding. TSOs were expected to adjust to these changes at short notice and with no additional support.

The cases of Bristol and Belfast point to the important contribution public agencies can make in supporting the collaborative delivery of EU funded programmes. Here local authorities and public agencies used their considerable administrative capacities to support LDPs and Programme Managers in fulfilling the regulations associated with EU funding, thus freeing up TSOs' resources so that they could focus on the development of projects which would benefit local communities and also themselves.

These findings point to two different approaches towards working with TSOs in the EU funded regeneration programmes. One approach involves the LDP and the Programme Manager working closely together and keeping TSOs at arm's length from the key decision making processes, while passing much of the responsibility for the successful implementation of the programme over to them. Another approach involves the LDP expecting their Programme Manager to do everything possible to help TSOs access URBAN II funding and deliver projects that are important to TSOs as well as key stakeholders in public agencies. The first approach was chosen in Berlin while the second approach was practised in Belfast and Bristol. This study shows that the second approach created substantially more benefits for the TSOs studied than the approach chosen in Berlin.

8.6 Conclusions

Organisational change brought about by URBAN II funding created a range of challenges for all of the TSOs studied but the scale and nature of the challenges varied significantly between TSOs and between the URBAN II sites studied. In many cases organisational change involved rapid growth, which included simultaneous increases in organisational participants, the development of structures and processes, and the services that were provided. In other cases organisational change was limited but the pressures arising from the fulfilment of contractual obligations and the delivery of the URBAN II funded project still created substantial strain on organisational resources, systems and participants.

The growth of volunteering in a number of smaller TSOs was a striking outcome of URBAN II funding. This was associated with a wide range of organisational benefits, such as improved credibility with, and independence from, public sector organisations, and, with that, an improved ability to challenge public sector organisations. Smaller TSOs were also better able to sustain their services because the URBAN II project enabled them to draw on support and resources from their local communities *and* from public sector organisations.

Larger TSOs seemed to encounter fewer organisational changes as a result of using URBAN II funding. This did not mean, however, that larger TSOs did not find the delivery of their URBAN II funded project difficult. On the contrary, severe organisational challenges were observed in larger TSOs, often without leading to tangible improvements in structure, systems, governance or participants. Smaller TSOs, in contrast, were found to go through extensive organisational change as a result of their URBAN II funded project but despite the substantial strain this created for organisational participants, systems, structures and governance, many smaller TSOs emerged as stronger organisations, better able to manage their processes and deliver services.

Contrary to the arguments of Taylor et al (2002), the findings from this study do not suggest that URBAN II funding necessarily creates isomorphic pressures for TSOs resulting in co-optation into governmental structures and undermining their mission and goals. Instead, TSOs in the UK seemed to have a choice about how they wanted to develop their relationships with public agencies. Many UK TSOs were also able to use their increased capacity to access further resources from public sector organisations while maintaining their independence and accountability to their local stakeholders.

At the same time it does seem that many of the organisational changes identified in this study, in particular the co-production of services, are examples of isomorphic processes. But these appear to be the mimetic variant of institutional isomorphism (Di Maggio and Powell 1983; Di Maggio and Powell 1991) and to have created substantial benefits for TSOs. These findings reflect recent research on isomorphic processes (Ramanath 2009) but, in addition, this study also found that TSOs can respond to pressures for organisational change arising from their external institutional environment in ways which created a range of benefits for them. Contrary to earlier studies (Lewis 1999; Lewis 2004)

the isomorphic processes observed in the UK did not seem to undermine the independence, values and purposes of the TSOs studied, nor did they seem to erode distinctive third sector features. However, the coercive isomorphic pressures which were identified in Berlin, appear to have created substantial challenges for TSOs but little organisational change; suggesting that TSOs put energy into resisting attempts by funders to impose change, rather than into their organisational development.

When taken together, the findings from this study point towards URBAN II funding as a resource which developed and amplified pre-existing organisational dispositions, rather than creating organisational changes that were entirely new or unrelated to the way in which the TSOs studied did their work prior to URBAN II. For example, in cases where TSOs had a strong contribution from volunteers prior to the advent of the URBAN II programme, URBAN II funding led to an increase in volunteering. Where TSOs had little or no input from volunteers, URBAN II funding did not change this. Also, where TSOs had strong links and accountabilities to their local stakeholders, URBAN II funding led to an increase in links between TSOs and the communities they served, whereas organisations with weak accountability links to local communities continued to deliver their URBAN II funded project largely without their involvement.

Networks are referred to in the literature as being an important source of support for TSOs (see for example Skelcher, McCabe et al. 1996; Rochester 1999; Taylor, Wilson et al. 2007). Here too, URBAN II funding, by and large, amplified previous ways of working. TSOs which prior to URBAN II were seeking to establish, expand and work through networks with residents, third sector groups and organisations, as well as public sector organisations, were able to develop these networks through their URBAN II funded projects. On the other hand, TSOs which were working largely in isolation, continued to do so when delivering their URBAN II funded project.

TSOs were not passive recipients of funding and capacity building support, however. They made carefully considered decisions about how to use the URBAN II funding where they were able to do so. In these cases TSOs seemed to make explicit choices to build on their existing expertise, structures and networks, often creating substantial and positive organisational changes. The reverse was also the case. Where the Programme Manager or LDP supported funding applications which were far removed from existing TSO

organisational expertise, very significant organisational challenges could result for the TSOs concerned. But the findings point towards poor decision making by TSOs and funders as the reasons for this, rather than the terms and conditions on which URBAN II funding was offered.

Furthermore, this study suggests that detrimental effects which are attributable to URBAN II funding appear to be less a result of using the URBAN II funding as a resource, and rather the outcome of the approaches taken by LDPs towards the design and delivery of their URBAN II programme. Where public sector organisations used URBAN II funding as a means to commission services, TSOs did not appear to have much room to manoeuvre to alleviate the negative impacts resulting from the URBAN II funding they were using. In contrast, where URBAN II funding was made available in a collaborative way, many significant organisational developments were observed. This points towards a link between the way in which funding is made available to TSOs and the extent and nature of organisational change encountered by TSOs.

The leadership function fulfilled by Programme Managers emerged as a key variable which affected the organisational changes identified above. The way in which Programme Managers approached their leadership role appears to have been largely contingent on the URBAN II Partnership they were working for, the TSOs which received URBAN II funding, as well as their own personal attributes including skills, styles and professional values. There are a number of leadership theories that could be drawn on to explore these issues in more detail, such as skills and style approaches (Blake and MacCanse 1991; Mumford, Zaccaro et al. 2000) or situational and path-goal approaches (Blanchard 1985; House 1996). These theoretical perspective cannot be explored here in detail, but common to them is that they view leadership as a “...*process whereby an individual influences a group of individuals to achieve a common goal.*” (Northouse 2007, p.3). The contrasting approaches taken by the managers of URBAN II programmes studied here suggest that it would be inappropriate to assume that Programme Managers have certain innate personal characteristics which makes them effective leaders, as suggested by trait theory (Stogdill 1948; Zaccaro, Kemp. C. et al. 2004). Instead, this study suggests that leadership is a *process* in which the Programme Manager and TSOs stand in relation to each other and in which goals are achieved and determined through a wide range of variables which include the application, approval and implementation procedures adopted

by the LDP. Although the focus of this study did not permit the exploration of the relationships between programme leadership and such variables, future studies on these issues are likely to generate important insights about the effective leadership of public sector funded social and economic inclusion programmes (see section 11.4 for suggestions on further research).

The approaches taken towards recruiting Programme Managers in the three sites also point to very different ideas about programme leadership amongst the decision makers in public agencies. A number of studies show how the composition and purpose of partnerships reflects political interests of key stakeholders constituting such partnerships (Balloch and Taylor 2001; Taylor 2001; Glendinning, Powell et al. 2002). This study additionally shows that Programme Managers were left largely to their own devices when developing working relationships with TSOs and local communities within the politically determined strategic frameworks set by LDPs.

While the frameworks and procedures adopted by LDPs seem to have either hindered or supported Programme Managers in engaging effectively with TSOs, TSOs themselves played a pivotal role in influencing the way in which the local URBAN II programme was delivered. In a number of cases TSOs contributed to programme development and delivery not as sub-ordinates of an officer appointed to lead the programme, but as co-producers of strategic, programme level outcomes. The concept of a TSO led co-production of public services, as developed by Pestoff and Brandsen (2006; 2008), provides a useful starting point to explore further the roles TSOs play in the strategy process of EU funded programmes. Such a perspective brings into focus the nature of collaboration between the controller and the user of public sector funding. It also supports a refocusing of critical analysis away from extensively explored topics, such as the policy process associated with partnership working (Balloch and Taylor 2001; Glendinning, Powell et al. 2002), or governance (Bovaird and Loeffler 2003; Newman 2004; Skelcher, Mathur et al. 2005), and leads us back towards the exploration of processes taking place within service providing organisations which, after all, have a direct bearing on how public sector funded initiatives are delivered (see section 11.4 for suggestions on further research).

Chapter Nine: Local and National Differences

9.1 Introduction

This chapter explores the second research question which guided this study:

Do organisational changes vary in relation to the local and national context in which URBAN II funding is used?

The analysis of organisational changes presented in Chapter Eight contains several references which point to LDPs and Programme Managers as having an important influence over the way in which URBAN II funding affected the TSOs studied. While the approaches chosen in Bristol and Belfast were broadly similar, the approach taken in Berlin was markedly different. Such differences were found to reflect national frameworks and institutional models which provide the context for LDPs and Project Managers. In this chapter, therefore, I first focus on the contrasting local approaches to programme delivery in the three URBAN II areas before discussing the identified differences in relation to the national contexts within which the URBAN II programmes operated.

9.2 Contrasting local approaches

Looking at the different approaches taken towards the development and delivery of the URBAN II programmes in Belfast, Berlin and Bristol, three factors seem to have influenced the way in which TSOs were affected by the URBAN II funded project they delivered. The first factor concerns partnership working and associated project development and approval processes. A second factor was the approach chosen to manage the project development and implementation process. The third factor concerned the ways in which Programme Managers approached their work with TSOs. These factors are now discussed in sections 9.2.1, 9.2.2 and 9.2.3 below.

9.2.1 Partnership Working

Partnership working and regeneration are inextricably linked because social, economic and environmental initiatives need to be co-ordinated locally in order to regenerate

deprived urban neighbourhoods (Carter 2000). The need for integrated approaches towards urban regeneration, in which the actions of different agencies are co-ordinated and expertise is shared across institutions, is now also recognised in EU policy (see section 1.4). However, the structure and functioning of partnerships can vary significantly within a country (Balloch and Taylor 2001; Skelcher 2007) and also between countries (Geddes and Benington 2001a; Marcussen and Torfing 2007). The findings from this study illustrate how the different approaches chosen by LDPs in Berlin, Belfast and Bristol contributed to the benefits and challenges encountered by TSOs in using URBAN II funding.

A striking feature of the URBAN II programme in Berlin was that it appeared to be controlled exclusively by public sector organisations. Although the participation of TSOs and residents was actively sought in the initial stages, once the funding had been secured by governmental agencies from the European Commission, TSOs and local communities were largely excluded from decision making processes. None of the TSOs studied in Berlin were represented on any of the URBAN II fora, and the representation of local residents on the Programme Steering Group and the various working groups, which determined the eligibility of projects for URBAN II funding, seemed largely symbolic. Public sector organisations were seen by TSOs as exploiting their powerful position by unfairly securing the largest share of the URBAN II funding for themselves. The approach taken in Berlin is not unusual, however, and there are a number of studies which show that TSOs tend to be involved at the bidding stage for regeneration funding to lend legitimacy to multi-agency partnerships, only to be marginalised when these resources are divided up between the powerful actors in the partnership (see for example Lowndes and Skelcher 1998; Taylor 2001; Lowndes and Sullivan 2004).

One of the consequences of having almost total control over the URBAN II programme was that public agencies in Berlin were able to exploit TSOs by passing on to them some of the costs of programme development and delivery. This included TSOs having to invest substantial amounts of their own resources to draft extensive and technical project proposals which had to meet the detailed specifications set out by the Programme Manager. This up-front investment by TSOs was not recoverable, even if their application was successful. TSOs also received no help in dealing with the administrative requirements arising from the use of EU funding, either in the form of funding for

additional staff or through technical advice and support from the Programme Manager. Furthermore, TSOs were not given URBAN II resources to actually provide services and had to raise the funding for their services through other means. It would appear that the public sector organisations which made up the LDP in Berlin not only tried to 'offload' (Hanion, Rosenberg et al. 2007) on to TSOs a substantial proportion of the costs involved in programme development and delivery, but also expected TSOs to provide services for local people at no additional cost to local public agencies.

Although public sector organisations may have deliberately excluded TSOs from decision making processes, the findings from Berlin also point to a lack of experience amongst public sector agencies in cross-departmental and multi-agency partnership working. It is possible, therefore, that the exclusion of TSOs, and some of the challenges that were created for them, were accidental and unintended rather than deliberate. Furthermore, TSOs also appeared to have little experience of working in partnership with each other, or indeed with public sector organisations. Thus, some of the difficulties encountered by TSOs in Berlin were, at least in part, caused by a general lack of experience in collaborative working among both public and third sector organisations.

In contrast with Berlin, the URBAN II programmes in Belfast and Bristol were developed and implemented in close collaboration between public agencies and TSOs. Furthermore, public sector organisations in Belfast and Bristol had not taken control of the LDPs which were in charge of the URBAN II programmes. Although there was extensive partnership working between third sector and public sector organisations in the development and delivery of the URBAN II programmes, the interests of public sector organisations did not appear to dominate the processes. Instead local communities and TSOs played a leading role, which is an important predictor of the effective engagement of TSOs and residents in urban regeneration programmes (Balloch and Taylor 2001; Taylor, Wilson et al. 2007).

LDPs and Programme Managers in Belfast and Bristol took a close interest in ensuring that local TSOs were able to access and use the URBAN II funding effectively. A range of support mechanisms were put in place to help TSOs navigate the application process, and help was also at hand when difficulties arose at the implementation stage. Programme Managers used their staff and technical resources to develop the capacity of TSOs in

ways which responded to their particular needs and to the projects they wanted to deliver. In addition they interpreted the funding conditions for EU funding in ways which gave TSOs maximum opportunity to obtain and use URBAN II funding. It can be argued, therefore, that the Programme Managers and LDPs in Belfast and Bristol took on the role of intermediary support organisations. Their approach seemed to be based on the understanding that they would have to develop the capacity of smaller TSOs to maximise the benefits URBAN II could bring to local communities. They also tried to achieve a match between the regulations which govern EU and public sector funding and the ability of TSOs to fulfil them.

The literature on intermediary organisations is largely concerned with third sector infrastructure organisations which provide capacity building support for TSOs (Osborne and Ross 2001; Durning 2006; Macmillan 2007). What the literature does not show is that LDPs, together with the Programme Managers who implement regeneration programmes on their behalf, can act as intermediaries to facilitate the engagement of TSOs with EU policy and EU funding. This study also shows that local authorities can play an important role as intermediaries between the terms and conditions associated with EU funding, and the organisational capacities of TSOs. Thus Bristol City Council used their own resources to fulfil demanding administrative functions associated with EU funding, while enabling TSOs to identify local priorities and provide locally appropriate solutions. In contrast, public agencies in Berlin exercised extensive control and determined what should be done with the URBAN II funding, and also how it should be done. Here the LDP was merely an extension of governmental structures and TSOs were the mechanism they used to deliver specified services. The idea of public agencies as intermediaries supporting TSOs did not apply in Berlin.

All the same, both the collaborative and supportive approach in Bristol and Belfast and the controlling approach of Berlin could be interpreted as being essentially instrumental. According to principal-agent theory (Milgrom and Roberts 1992), public agencies could be expected to have the smooth delivery of an EU funded programme as a prime objective. Resource dependence theory also suggests that public sector organisations engage with TSOs primarily because they have skills and resources public sector organisations do not possess (Gazley and Brudney 2007). From these perspectives the development of TSO organisational capacity would be a means to an end for public sector

organisations, rather than a matter of mutual benefit. There are a number of scholars who argue that many public agencies in the UK behave in this way (Mayo and Taylor 2001; Barnes and Sullivan 2002; Sullivan, Barnes et al. 2004). Certainly, the behaviour of public agencies in Berlin reflects this argument. However, the approaches taken by the LDPs in Belfast and Bristol suggest that public sector organisations had motives which went beyond purely instrumental interests. There were examples of extensive collaboration on a wide range of issues between public agencies and TSOs. Power sharing took place at strategic levels, strategies were jointly developed, the organisational capacity of TSOs was developed and regulations were relaxed where they might pose a danger to the viability of TSOs, or their URBAN II funded project. Thus, the approaches taken by LDPs and public sector agencies in Bristol and Belfast reflected the principles of collaborative working (Huxham and Vangen 2005) rather than the maximisation of control and resources for the principal agents.

9.2.2 Project Development and Approval

The findings show that LDPs used different approaches towards the development and implementation of projects and that this was, in part, responsible for the way in which URBAN II funding affected the TSOs studied. Different approaches were used, which are discussed under the following headings:

- Commissioning of services;
- Thematic calls for proposals; and
- Open application processes.

The way in which Programme Managers approached their work with TSOs also had an important influence over how URBAN II funding affected TSOs and this is discussed in section 9.2.3.

Commissioning of Services

LDPs in Belfast and Berlin used a commissioning approach to allocate URBAN II funding to TSOs, but did this to different extents. In Belfast only a small number of large projects were commissioned by the LDP, while in Berlin the LDP commissioned all URBAN II funded projects, except for some very small projects funded via the Community Chest which could not exceed a value of approximately £2,000 (see section

5.2 and 6.2 for further details). In both cases, the LDP, together with public agencies, led on the identification of projects that should be commissioned and invited proposals from public, private and third sector providers through an open tender process.

The findings for Berlin suggests that approaches in which public sector organisations use EU funding to commission pre-designed interventions can result in a wide range of organisational challenges for TSOs and can exclude smaller TSOs altogether from gaining access to EU funding. Furthermore, the commissioning approach appears to have led to severe organisational difficulties amongst larger TSOs. Despite their substantial experience of providing public sector funded services, these TSOs had no prior experience of delivering EU funded projects and were not able to alleviate the negative organisational impacts arising from their participation in URBAN II. The findings also suggest that the challenges encountered were only in part due to the administrative demands associated with the use of EU funding. The root cause of the problems encountered in Berlin seemed to be that the full regulatory requirements associated with EU funding were passed on to TSOs through the commissioning process. The approach taken by the Programme Manager reflected this and appeared to be solely concerned with ensuring that TSOs met their contractual obligations; collaboration or technical support to help TSOs deliver their project did not seem to have a place in this way of working.

Thematic Calls for Proposals

The LDP in Belfast used thematic calls for proposals to select most of the projects that were funded through URBAN II. These calls were broadly based on the needs analysis of the area which had informed the URBAN II bid (Department for Social Development 2003), but then specific interventions were developed from the ideas and needs identified by TSOs and local residents. TSOs were invited to workshops in which they were informed about the funding opportunities offered by URBAN II and where they could draw on practical advice and support from the Programme Manager to develop their ideas in ways which met the eligibility criteria for URBAN II funding and specific thematic calls. Projects were approved in principle prior to TSOs having to draft a detailed submission. Again, the Programme Manager was there to support TSOs in this second stage of the application process.

All TSOs studied in Belfast had secured URBAN II funding through this procedure and the findings suggest that they had been able to develop projects which built on their particular strengths and roles they fulfilled in the locality. However, the case of BEL1 shows that TSOs can put forward proposals which do not reflect their organisational purpose and strengths, and that in such cases URBAN II funding can lead to significant challenges. Nevertheless, by simply being part of the URBAN II programme, TSOs in Belfast gained access to a wide range of resources, expertise and networks which also benefited their organisational development.

Open Application Process

TSOs in Bristol were able to submit project proposals throughout the life of the URBAN II programme. The bidding process remained open until all funding was allocated and proposals put forward by TSOs simply had to demonstrate how they addressed the strategic priorities which the URBAN II programme pursued. The Programme Manager provided extensive support for TSOs in the development of their proposals and guided them through the rigorous approval process. This process required applicants to present their outline application in person to the UPG, which was de facto the LDP for the programme, justifying the need for their project and evidencing their capacity to deliver it. On approval in principle from the UPG, TSOs then had to develop a detailed specification for their project, which often involved input from external consultants who were paid for with URBAN II funding. In cases where TSOs proposed an important project but seemed to lack the required organisational capacity for its delivery, the Programme Manager was tasked by the LDP to support such TSOs through a capacity building process. In principle approval was held up until such TSOs could demonstrate that they had acquired the requisite capacities to deliver the planned project. Thus, it was possible for smaller TSOs to become involved in the delivery of larger projects and also to develop their organisational capacity at the same time. The findings for Bristol suggest that TSOs benefited substantially from this approach. They were able to build on their existing organisational strengths and develop the particular role they fulfilled within the 'patchwork' of local TSO-led initiatives.

9.2.3 Support from Programme Managers

_____ The findings for Belfast and Bristol show how important Programme Managers can be in supporting TSOs through the project development and delivery process. By drawing on their own expertise in project development and management, and by using EU funding in ways which support the organisational development of TSOs, Programme Managers were found to deliver EU funded projects effectively *and* develop the organisational capacity of TSOs at the same time. Programme Managers also supported TSOs in ways which responded to their specific needs, rather than simply applying formulaic capacity building methods. It would appear, therefore, that the LDPs and Programme Managers in Belfast and Bristol used URBAN II funding with the aim of maximising the benefits TSOs would derive. The findings from these two sites also point repeatedly to expectations held by the LDP that TSOs would play a key role in the sustained regeneration of the neighbourhood once URBAN II funding had run out. Thus supporting TSOs in the development of sustainable services also formed part of the intended outcomes related to URBAN II funding.

The joint working between TSOs and Programme Managers in Belfast and Bristol was extensive and in a number of cases appeared to transcend organisational boundaries in ways which went beyond collaborative working practices. Organisational boundaries became blurred between TSOs as users of EU funding, and Programme Managers as controllers of EU funding. In these cases TSOs and Programme Managers were effectively providing URBAN II funded initiatives together. They jointly developed business plans, undertook capacity building for board members, secured premises, and shared financial and administrative tasks. Each party seemed to be motivated by a shared interest which was about ensuring that URBAN II funded projects would provide services which were of benefit to the local community, and also that the TSO would be 'better off' as result of delivering the project. As discussed above, this joint production of services was not found to reflect an instrumental interest of public sector organisations. Instead, the approach taken by Project Managers and TSOs seemed to be intended to produce services neither could produce on their own. These instances are examples of the 'co-production' of public services between TSOs and public agencies (Pestoff and Brandsen 2008).

The detailed and diverse choices Programme Managers were found to be making in working with their local TSOs also points to the ‘street level bureaucrat’ (Lipsky 1979) as an explanatory concept. Decisions on ‘who needs what’ and ‘who deserves what’ were essentially made by the Programme Manager in relation to the support which was provided for TSOs. Using their room to manoeuvre within regulated policy and operational frameworks to advance specific outcomes is a classic attribute of street level bureaucracy (Smith and Lipsky 1993). When perceiving Programme Managers as street level bureaucrats, it becomes apparent that they had substantial discretion over how EU funding was used by TSOs. While their actions seemed closely controlled and directed by LDPs, decision on where and how to provide intensive support, or relax regulatory requirements, appear to have been made largely by the Programme Managers themselves, and in a responsive as well as opportunistic manner.

9.3 Contrasting national contexts

The deliberate choice of contrasting national contexts for this study was expected to create contrasting findings, which in turn would support the analysis and improve the validity of the study results (see Chapter Four). The findings do indeed show marked contrasts between the UK and the FRG, some of which were discussed in section 9.2 above. In this section these differences are explored further in relation to institutional models and policy frameworks which provide the context in which LDPs did their work in the two countries.

The findings suggest that LDPs in Bristol and Belfast encouraged their Programme Manager to support TSOs in accessing and using URBAN II funding, while in Berlin LDPs used the Programme Manager as a gatekeeper to funding and as a controller of the TSOs who had entered into funding agreements. These contrasting approaches reflect the different national contexts in which the URBAN II programmes operated which are discussed below.

Institutional and Policy Context of Germany

Unlike in the UK, most public services in Germany are provided by local government within tightly regulated legal frameworks covering administrative and constitutional matters (Merkl 1999). Local authorities are required by law to commission local third sector and other non-statutory organisations to provide public service because of the

subsidiarity principle, which is part of the German constitution and which states that services need to be provided at the lowest possible level (Anheier and Seibel 2001; Zimmer 2001). Public officials are exclusively charged with responsibility for the design and delivery of public services, and TSOs are one of the many mechanisms they use to discharge their responsibilities. In general, TSOs which are funded by public sector organisations tend to be perceived as social enterprises providing public services (Aiken and Bode 2004; Bode and Evers 2004). Thus, TSOs which are commissioned to provide public services are unlikely to be seen as agents who can make a distinctive contribution to the regeneration process and more likely to be treated as not-for-profit contractors delivering services on behalf of public sector clients.

This strongly reflects the arguments made by Evers and Laville (2004a) and Borzaga and DeFourny (2001) that TSOs in Europe are 'social enterprises'. The lack of discussion amongst German academics or regeneration practitioners about the challenges and opportunities inherent in partnership approaches towards urban regeneration also suggests that the above institutional perspectives on the nature of TSOs prevail in the FRG. A search of databases holding social science research published in German language through the GESIS (Gesellschaft Sozialwissenschaftlicher Infrastruktureinrichtungen), such as SOLIS and FORIS (www.cas.org), showed little by way of academic debate on this topic. While there are internationally recognised scholars of the third sector in Germany, they tend to be focused on high level policy and societal issues (see for example Zimmer 1996; Zimmer 1997; Zimmer 1998; Zimmer and Nährlich 2000; Zimmer and Weßels 2001; Zimmer and Weßels 2001a; Bode 2004; Zimmer and Priller 2004). Hence there may be a lack of models on which German regeneration practitioners and public sector officials can draw to compare and improve their approaches towards working with TSOs in the regeneration of deprived neighbourhoods.

Institutional and Policy Context of the United Kingdom

Very different institutional models provide the context for the approaches taken by the LDPs in the UK. Here TSOs and public officials operate within a policy context which emphasises partnership based approaches towards public service provision in general (Newman 2001; Glendinning, Powell et al. 2002; Newman 2004) and urban policy in particular (Imrie and Raco 2003; Atkinson and Helms 2007). Especially the neighbourhood renewal policies of New Labour have placed a strong emphasis on the

inclusion of residents in the implementation of urban renewal initiatives, and also on the need for collaboration between public sector organisations and TSOs (Office of the Deputy Prime Minister 2000; Social Exclusion Unit 2001a; Office of the Deputy Prime Minister 2003; Office of the Deputy Prime Minister 2004). This has generated a wide ranging academic debate about how TSOs are, or should be, included in regeneration partnerships (Skelcher, McCabe et al. 1996; Taylor 2000; Balloch and Taylor 2001; Taylor 2003; Lowndes and Sullivan 2004; Taylor, Wilson et al. 2007). The findings from this study suggest that LDPs and Programme Managers in the UK cases were aware of potential problems that arise when trying to engage TSOs in area-based regeneration initiatives, and tried to build on existing knowledge about ‘what works in urban regeneration’ (Burton, Goodlad et al. 2004). All the same, despite a shared national policy framework and attempts to apply good practice, there were some marked differences in the way in which Belfast and Bristol approached the design and implementation of their URBAN II programme.

In Northern Ireland partnerships involving public sector organisations, politicians, residents and TSOs have long been integral to the provision of public services (Birrell and Williamson 2001; Couto 2001; Acheson, Harvey et al. 2004). There is also a history of EU funded social inclusion programmes with a strong emphasis on bringing about the integration of fragmented communities (Donnelly-Cox, Donoghue et al. 2001; Acheson and Williamson 2007). Furthermore, accounts of the benefits derived from the EU funded PEACE programme show that EU funding has been used in other initiatives in ways which encourage collaboration between TSOs and public sector organisations, and also between TSOs themselves (Williamson, Scott et al. 2000; Williamson, Beattie et al. 2004). Hence there were contextual conditions in Northern Ireland which strongly supported the collaborative development and delivery of the URBAN II programme. The particular historical context for Belfast, with its high levels of sectarian violence and extensive networks of TSOs, is likely to have been a further influence which supported the appointment of a TSO as the accountable body for a major EU funded regeneration programme.

In Bristol the local authority had substantial experience in delivering area-based regeneration programmes, including a programme funded through URBAN I, the predecessor to URBAN II. For the delivery of URBAN II the local authority acted as the

accountable body and supported the establishment of a governance structure in which local residents and TSOs had control over the implementation of the programme. This strong emphasis on collaboration between public sector organisations and residents in the design of projects reflects good practice approaches to neighbourhood management which are widely promoted in the UK (Taylor 2000; Burgess, Hall et al. 2001; Social Exclusion Unit 2001b; Office of the Deputy Prime Minister 2005c; Taylor, Wilson et al. 2007). There was also a strong emphasis on building the capacity of TSOs to sustain themselves by using URBAN II funding as a means to establish themselves as service providers in the future for public sector organisations. This approach not only reflects current government policy on the third sector in the UK (HM Treasury 2002; Active Community Unit 2004; HM Treasury 2004a; HM Treasury and Cabinet Office 2007b), but is also in tune with emerging policy frameworks for urban regeneration which emphasise that regeneration must be linked to tangible economic development in a deprived area (Office of the Deputy Prime Minister 2006a; Department for Communities and Local Government 2008).

Jones and Evans (2008) argue that urban regeneration is ultimately a political strategy to draw investment into run down areas, and that UK governments over time have taken different approaches which ranged from primarily market-led initiatives (see for example Foster 1999) to community led regeneration (Social Exclusion Unit 2001a). Hence TSOs are subject to different expectations and have to respond to constantly changing policy contexts. This leads to a range of challenges for TSOs, but also places demands on public agencies and officials to find ways to engage TSOs which are enabling and supportive of their particular third sector features (Harris and Rochester 2001). This study suggests that public sector agencies in the UK can successfully engage TSOs in ways which respect and develop their particular organisational features and thus enable TSOs to make their particular contributions towards the regeneration of deprived neighbourhoods.

That the complexities of partnership working can lead to the blurring of boundaries between partnerships and organisations has been observed and identified in earlier research (Sullivan and Skelcher 2002; Skelcher 2004). How Regeneration Managers and other decision makers try to make sense of, and respond to, the complexities and ambiguities associated with urban regeneration contexts has also been explored within the UK (Diamond 2002; Vangen and Huxham 2003). What this study shows is that the

approaches taken towards making sense of the complexity associated with EU funded regeneration programmes can vary widely, and that there are particularly strong contrasts between different countries. Drawing on concepts developed by Diamond and Liddle (2005) we can say that there was a denial of such complexities and ambiguities in Berlin, combined with attempts to use URBAN II funding to strengthen existing public sector structures and institutions. This denial may have been caused by a lack of experience and skills amongst public agencies in collaborative approaches to regeneration, an issue that has also been identified in earlier research as a source of tensions between TSOs and public agencies (Diamond 2002).

The situation in Berlin was in contrast with that in Belfast and Bristol where LDPs and Programme Managers anticipated and accepted such complexities and tried to support the 'weakest link' in the partnership in order to achieve the overall goal of the URBAN II programme; that is to regenerate a deprived neighbourhood in a way which involves and benefits local people, and brings about lasting improvements. Importantly, the 'weakest link' was not always a TSO. Sometimes it was the procedures and regulations which governed the use of EU and other public sector funding. Thus the findings for Belfast and Bristol show that public agencies can be reflective and responsive in delivering EU funded programmes, and change their own way of working in order to enable TSOs to make their contribution to a shared goal.

Sectoral Differences

The broad differences between the third sectors in the UK and the FRG which provide the context for this study were mapped out in Chapter Four (see section 4.3.1 for further details). However, there are some additional characteristics which seem important in explaining the different ways in which TSOs were engaged in their local URBAN II programme. They provide additional reasons why URBAN II funding affected TSOs differently in different national contexts.

TSOs in Belfast and Bristol seemed to have emerged from the initiative of local activists who tried to develop a response to a local problem which was not being tackled by public sector agencies at the time. Some of these TSOs had been around for many years and during this time had maintained or developed their relationship with the communities they intended to serve. In most cases these organisations were governed by local residents, had

the input of local politicians and engaged local volunteers in their work. Hence there was a substantial level of local 'rootedness' amongst the TSOs studied in Belfast and Bristol. In addition, most of these TSOs did not seem to be over-reliant on public sector funding to do their work, but were able to draw to a significant extent on local support and a diverse resource base which included support from their governing bodies, front-line volunteers and funding sources.

TSOs in Berlin displayed different characteristics. Here there was an almost complete dependence on paid staff to do their work, volunteering had a low profile and governing bodies seemed largely remote from the challenges that their TSOs encountered. Rather than nurturing their local roots, TSOs had to demonstrate their ability to deliver public sector contracts to succeed in securing funding. Once TSOs had presented themselves as 'professional' contractors, they were expected to comply not only with the expectations they had raised (McKinney and Kahn 2004) but also with the contractual obligations they had entered into. This explains, in part, why public sector agencies distanced themselves from the challenges TSOs encountered in delivering URBAN II funded projects, a position which was succinctly summed up by a public official saying 'that's their problem isn't it' (see section 6.4.1). TSOs in Berlin did not benefit from a collaborative partnership approach with public agencies, and instead were largely dependent on their funding. To obtain URBAN II funding they had entered into a rigorously managed purchaser-provider relationship and had to deal with a wide range of organisational challenges on their own.

9.4 Conclusions

The analysis so far suggests that differences in the organisational impacts encountered by TSOs were largely a result of different contexts created by *local* actors, and that these actors had some flexibility in how they interpreted EU and national regulations. This does reflect the principles underpinning multi-level governance theory (Bache and Flinders 2004b) although public agencies and LDPs seemed to have more flexibility in deciding how to use EU funding than the literature on EU policy implementation suggests (Rosamond 2000; Bache 2004). The diversity of approaches to developing and delivering EU funded services shown in this study suggests that public sector organisations, as well

as TSOs, have real choices in deciding how EU funding is used, and that these choices determine how EU funding affects the TSOs that are using it.

The differences between benefits and challenges encountered by TSOs in Berlin, as compared with Belfast and Bristol, were among the most striking findings of this study. TSOs studied in Belfast and Bristol derived organisational benefits which far exceeded those obtained by TSOs in Berlin. Conversely, TSOs in Berlin encountered a greater number and often more difficult challenges than the TSOs in Belfast and Bristol. Many of the negative impacts resulted from the approaches chosen by LDPs and Programme Managers in Berlin. However, the approach towards partnership working and programme implementation taken in Berlin was not unique to this city or, indeed, Germany. Public agencies in the UK have also been found to 'use' TSOs to address their own regeneration priorities (Milligan and Fyfe 2005) while excluding them from partnership and decision making processes at the same time (Mayo and Taylor 2001; Taylor 2001). Not paying TSOs the full cost of delivering a service is also a widespread problem in the UK and elsewhere (Chambre and Fatt 2002; Craig, Taylor et al. 2002; Taylor 2003a; HM Treasury 2004c). Nevertheless, Berlin and Belfast shared a number of features in relation to divided communities which makes them almost unique compared to other cities in Europe and it could therefore have been expected that similar approaches towards working with TSOs and local communities would be adopted. Given that the LDPs in these cities took such contrasting approaches suggests that institutional, cultural and historical factors may be more important in determining how EU funded regeneration programmes are delivered than the nature or levels of socio-economic exclusion such programmes aim to tackle.

The findings between the URBAN II sites in the UK and the FRG nevertheless show some strong contrasts. Yet within themselves these contrasts convey quite coherent messages. This points to institutional models and policies which guide the delivery of public services as an important influence on the way in which EU funding affects TSOs in different countries. This study, like other cross-national studies, suggests that some of the general characteristics of nation states and dominant institutional models, such as the subsidiarity principle in the FRG (Anheier and Seibel 2001), and the governance model in the UK (Stoker 1999; Newman 2001; Rhodes 2001), are reflected in the approaches that are taken locally to deliver particular initiatives (Mangen and Hantrais 1986; Hantrais

2000; Geddes and Benington 2001a; Marmor, Freeman et al. 2005). The way in which TSOs perceive their role in relation to governmental agencies in particular instances also seems to be influenced by the broader institutional and societal contexts in which they operate (Edwards, Foley et al. 2001; Warren 2001; Zimmer 2001; Dekker 2003).

While such perspectives are helpful in explaining some of the broader contrasts between the UK and the FRG, they are quite general and of limited help in explaining the more specific findings from this study. The ideas and practices that underpin the paradigm of the New Public Management (Ferlie, Ashburner et al. 1996; McLaughlin, Osborne et al. 2002) provide a more useful perspective to explain some of the findings here. For example, public officials in Berlin seemed to apply practices in the delivery of their URBAN II programme which were essentially rooted in private sector business models. They were seeking to minimise the role of public agencies to one where they determine what needs to be done, while leaving the implementation to market forces, an approach which is often described as 'steering not rowing' (Osborne and Gaebler 1992).

Approaches to public service provision rooted in the New Public Management paradigm have been subject to extensive debate (see for example Ferlie, Hartley et al. 2003; Lynn 2006). Denhardt and Denhardt (2003) argue that an alternative paradigm is required in which officials aim to serve their communities, rather than attempt to manage them. In this 'new public service' paradigm collaboration replaces market-driven hierarchical relationships and local communities are seen as being integral to the strategy and implementation process. Seen from this perspective, the approaches taken in Belfast and Bristol resemble a 'new public service' paradigm, while those in Berlin are rooted in the now dated 'new public management' paradigm. The findings from this study therefore suggest that managerial approaches towards engaging TSOs in urban regeneration initiatives rooted in the 'new public management' are less effective in working with and supporting TSOs, than collaborative approaches rooted in the 'new public service' approach.

Within the collaborative contexts provided in Belfast and Bristol, TSOs appeared to have real choices about how they used URBAN II funding. These choices were generally made with the intention of developing organisational capacity in order to extend the existing range of services that were being provided. Hence, TSOs actively sought to bring about

organisational change and were also actively seeking help from the Programme Manager to facilitate organisational change. This was not a one-sided process, however.

Programme Managers themselves were seeking to support TSOs in developing their project ideas and provided help with the implementation of projects. As a result, services were 'co-produced' by the Programme Manager and the TSO. Pestoff (2006) distinguishes between a traditional model of public service provision, based on public officials having exclusive responsibility for designing and providing services, and the co-production model, which is based on the active participation of TSOs as well as resident consumers in the production of services that public agencies aim to provide (Pestoff and Brandsen 2008). From this perspective, URBAN II programmes in Belfast and Bristol provided an institutional context in which Programme Managers, as officials charged with the delivery of EU funded services, and TSOs, as producers of such services, were able to 'co-produce' interventions to reduce social and economic exclusion.

Pestoff also notes that there can be resistance to 'co-production' from public sector officials. In such cases, services which are provided by individual citizens or community groups are produced in parallel with public services, without co-operation from public sector organisations: "*Parallel production involves services similar to those provided by public sector organisations, but produced by individuals without contact or co-operation with public sector organisations.*" (Pestoff 2006, p.507). It would appear that this 'parallel production' concept fits the case of Berlin, where there was very limited joint working, and much antagonism between public and third sector organisations.

Chapter Ten: Contrasts between European and Governmental Funding

10.1 Introduction

This chapter explores the third research question which guided this study:

Are organisational changes resulting from the use of URBAN II funding different to those resulting from governmental funding identified in earlier research?

In this final analytical step the findings from this study are compared with the results of earlier research in order to ascertain whether and to what extent EU funding might affect TSOs differently when compared with governmental funding. The literature on multi-level governance which was reviewed in Chapter Three (section 3.2) suggests that local and national governmental agencies tend to adapt EU regulations and guidelines to make EU funded programmes fit with local circumstances, a proposition which is borne out by the findings from this study. The process of 'fitting' EU funded programmes into local contexts involves channelling EU funding through national, regional and local governmental agencies. It could, therefore, be expected that this process results in EU funding 'becoming' very similar to governmental funding, and hence it could be expected to affect TSOs in similar ways.

The extent to which EU funding affects TSOs in ways that are similar to governmental funding is explored in two stages. First, the similarities between the impact of EU and governmental funding are identified by comparing the findings from this study with earlier research. Then those features of EU funding which have not been found in earlier studies are discussed. The chapter concludes with an assessment of the differences between the ways in which EU funding affects TSOs as compared with governmental funding.

10.2 Similarities Between the Impact of European and Governmental Funding

Many of the organisational challenges identified in this study can also be found in the literature that was reviewed in Chapter Two. These include having to deal with

demanding administrative procedures arising from new funding, and managing organisational growth which involves changes to organisational participants, governing bodies, systems and structures, as well as changes in their external relationships with public agencies, residents and other TSOs. The findings from this study also show that public sector organisations can use EU funded programmes to make TSOs bear some of the costs associated with the regeneration of neighbourhoods, while at the same time excluding them from partnership and decision making processes. Furthermore, the prospect of securing large sums of EU funding can encourage TSOs to develop projects which fit the funding criteria, rather than their organisational competences, which then leads to substantial problems later.

This study also points to the benefits TSOs can derive from tackling these challenges and turning them into positive organisational developments. Study participants repeatedly reported that their organisations had benefited from using URBAN II funding, despite the challenges that URBAN II funding had created for them. Increasing the numbers of volunteers and paid staff working for their organisation, developing systems and structures, formalising work processes and growing organisational capacity overall, were not found to lead to the negative effects as predicted in many of the studies reviewed in Chapter 2. While Taylor et al (2007) make a range of suggestions on how governmental funding could be used in ways which support the organisational development of TSOs, there appear to be few studies which have explored in detail how TSOs create positive organisational change by using governmental funding. Instead the literature concerned with TSOs in urban regeneration contexts consists predominantly of findings which show negative organisational impacts resulting from the use of governmental funding.

Perhaps one of the reasons why this study has produced findings which emphasise benefits rather than challenges is because of the organisation-focused approach that was taken here. Much of the earlier research reviewed in Chapter 2 tends to focus on the impact of funding in relation to specific organisational aspects, such as staffing, volunteering, service provision, and sustainability. It often lacks a theoretical framework that would ensure a structured and holistic approach towards exploring organisational impacts systematically. In addition, many of the studies reviewed tend to be rooted in policy process analysis (Sabatier 1999) rather than in organisational analysis (Scott 2003).

This might in part explain the emphasis in the literature on partnerships, power, politics, structure and process, rather than on organisational change within TSOs.

A further explanation for the emphasis in the literature on negative organisational consequences for TSOs is the perspectives that researchers themselves hold. For example, in one of the few studies which deals specifically with questions of how funding affects TSOs by Alcock et al (1999), many of the organisational changes identified by the researchers are presented as negative developments:

“For instance, committee structures were streamlined, project work was re-designed, and new management systems were variously introduced; but in many cases these were induced by short-term and recoverable funding crises, rather than any clear set of demands or criteria imposed by funding agencies.” (ibid. p.27)

In this and other parts of their analysis, Alcock et al. seem to perceive organisational change in TSOs as something that tends to be to their detriment. The subtext to their analysis is that change in response to funding should be viewed with a wary eye and, if at all, should only be undertaken after considerable discussion and in a structured way. While in principle this would appear to be a reasonable stance to adopt in relation to organisational change in general, most text books on organisational strategy and management emphasise flexibility and responsiveness to changes in environmental circumstances, particularly in the case of smaller organisations (see for example Butler 2001). It is unfortunate that there are no established text books on the management of TSOs, and those which make such a claim (Hind 1995; Hudson 1995; Anheier 2005) borrow heavily and uncritically from organisational models developed for commercial organisations. All the same, these authors, as well as the private sector organisational theories they draw on, point quite clearly to the need for smaller organisation to be flexible and highly responsive to changes in their ‘market’. Unlike larger organisations, smaller organisations cannot afford to invest much energy into bureaucratic strategy and planning process, hence organisational responses to environmental stimuli tend to be more immediate and direct:

“Small organisations are likely to be operating in a single market or a limited number of markets, probably with a limited range of products or services. The scope of the operation is therefore likely to be less of a strategic issue than it is for larger

organisations. It is unlikely that small businesses will have central service departments to undertake complex analysis and market research." (Johnson, Scholes et al. 2008, p.22)

The above quotation is from a text book on corporate strategy for commercial organisations and was chosen deliberately in preference to quotations that could be drawn from third sector management books. This is because responding to changes in their environment seem to be essential for all organisations, TSOs included. Hence, presenting change in TSOs as something that is inherently problematic may suggest that resistance to change, as often attributed to organisations in the public sector (Di Maggio and Powell 1983; Di Maggio and Powell 1991), is valued more highly than responsiveness to change. Such a perspective would be of limited help to TSOs which are trying to make sense of, and respond to, a changing organisational environment.

A perspective which perceives organisational change in TSOs as predominantly negative is also evident in another study of organisational change related to funding. Scott et al. (2000) raised concerns about the growth in 'managerialism' amongst TSOs in response to government offering funding only to those TSOs which are able to deliver on government's service priorities:

"Tighter individual management can mean looser individual commitment and the eventual development of a 'jobsworth' culture of bureaucracy and buck-passing. Such a loss of commitment and flexibility is not just a practical problem within voluntary organisations; it is a blow to their fundamental ethos – and once lost may not be easy to reclaim." (Scott, Alcock et al. 2000, p.59)

In this and other statements the researchers appear to be approaching the issue of organisational change in TSOs as something that should be resisted. While preserving certain working practices, such as informal and non-hierarchical working relationships, is seen as being inherently beneficial, resistance to organisational change seems to be equated here to protecting the distinctive features of TSOs.

These examples are not intended to negate the key message of much third sector research, which is that organisational change should not be imposed on TSOs by funders (Harris 2001a) and that resisting such pressures can be critically important for the future development of TSOs (Harris 1998a). However, it seems that scholars need to remind

themselves that organisational change is not inherently negative or problematic for TSOs. The voices of many study participants describe a wide range of organisational impacts which were identified as problems in the literature (see Chapter Two) as benefits. Certainly the findings for TSOs in the UK suggest that many pressures for change can be turned to an organisation's advantage and, given the chance, organisational participants have been found to work towards achieving this.

Organisational change seems almost inevitable when accepting new funding, and it is important to present a balanced picture of the challenges as well as the benefits this brings. The literature reviewed for this study makes it difficult to assess whether the benefits created by EU funding identified in this study are different from those created by governmental funding identified in earlier research. While many of the challenges identified in this study seem to be similar to those which arise from governmental funding and which were found in earlier research, overall it would appear that EU funding can create more positive than negative impacts for the TSOs that receive it.

10.3 Distinctive Features of European Funding

The analysis so far suggests that EU funding can differ from governmental funding in a number of ways. The first is that Programme Managers were able to use URBAN II funding as a mechanism through which the organisational capacity of TSOs was built, while at the same time developing the organisational capacity of the TSOs delivering the programme. This study has repeatedly, and from a number of different perspectives, pointed to the important role of the Programme Manager in creating and supporting organisational change in TSOs. Much of the literature concerned with urban regeneration is focused on partnership structures and processes, rather than the people who are managing the implementation of regeneration programmes on a day-to-day basis. While there are many studies which call attention to the importance of having implementation processes that are sympathetic to, and supportive of, TSOs (Taylor 1995; Lowndes and Skelcher 1998; Taylor 2001; Atkinson 2003; Whitehead 2007), they often pay scant attention to the interactions between Programme Managers and TSOs and thus miss an important dimension in exploring and explaining organisational change in TSOs.

This study shows the Programme Manager to be an agent who has very substantial influence in determining how EU funding is used, and whether EU funding leads to organisational benefits or challenges for TSOs. One of the reasons for this may be that the Programme Manager is not the funder, but in fact the intermediary between governmental and EU agencies and TSOs. This intermediary position seems to enable Programme Managers to act as a buffer between the requirements for compliance with governmental and EU regulations and the ability of TSOs to respond to them; to mediate between the different work cultures underpinning approaches towards doing work in the third sector and the public sector; and to provide technical, financial and staff support which responds to the particular needs of individual TSOs. While the literature on capacity explores and discusses such support functions (Twigg 2001; Cairns, Harris et al. 2005), they are not brought together and seen as being a part of a multi-agency regeneration programme. Despite the UK government's policy frameworks and initiatives which are aimed at developing the capacity of TSOs to contribute to policy and service delivery (HM Treasury 2003; Active Community Unit 2004; HM Treasury 2004b) there seems little awareness of the capacity building work that is going on as part of EU funded urban regeneration programmes.

The findings suggest that EU funding can be used as a resource for third sector capacity building processes that are largely collaborative and do not rely on pre-designed interventions applied in a 'one size fits all' manner. Government funded capacity building can become an end in itself where it relies on training courses, toolkits and similar support mechanisms (Durning 2006). However, this study found that the EU funded capacity building process was not an end in itself, and left TSOs better equipped to continue *their* work in *their* neighbourhoods. Furthermore, unlike governmental funded capacity building processes, the intermediary organisation providing the capacity building support seemed well resourced and able to draw on support from public agencies to support TSOs for the capacity building process. This is in contrast with findings from other studies which show that organisations providing capacity building support for TSOs can keep back significant resources for themselves before helping other TSOs. This leads to tensions and mistrust which in turn undermine the potential benefits TSOs could derive from capacity building programmes (Harris and Schlappa 2007).

The wide variations in the ways in which URBAN II funding affected TSOs, and the cases in which the capacity building process led to the co-production of services, suggest that the way in which URBAN II funded services affect TSOs is less a function of the terms and conditions associated with URBAN II funding, and more the consequence of a particular approach taken by Programme Managers to support TSOs in the delivery of EU funded projects. This implies that EU funding offers considerable flexibilities for Programme Managers and LDPs to decide on how they want to work with TSOs. Such a perspective throws new light on the literature on organisational change in TSOs. It may not be the conditions attached to funding that create problems for TSOs, as is often suggested, but the way in which they are interpreted by those who have control over the funding.

A related finding, and one which has not been found in earlier research, is that EU funding can be seen by TSOs as a way of circumventing the control public sector organisations often exercise over resources. There are studies which point towards public sector organisations trying to use EU funding and policy to circumvent national governments (Kassim 2001; Greenwood 2003; Bache and Flinders 2004a), and transnational TSOs using EU funding to influence national governments (Warleigh 2000; Warleigh 2001). But the literature makes no reference to TSOs trying to bypass local public sector organisations by using EU funding in area-based regeneration initiatives.

10.4 Conclusions

The above analysis suggests that URBAN II funding, which is a particular type of EU funding (see section 1.3 and 1.4), can affect TSOs in similar ways to governmental funding. But there are also a number of important differences. The most notable are that TSOs can derive substantial benefits from using EU funding when compared with earlier research on the impact of governmental funding. Also, EU funding was used in ways which reflected national and local contexts, there being strong contrasts between the FRG and the UK. In Berlin public agencies treated URBAN II funding as though it was governmental funding, and assumed complete control over how it was used. In Belfast and Bristol public agencies adopted a supporting rather than controlling role in the development and implementation of the programme. TSOs played a central role in

deciding how URBAN II funding was used and also derived significant organisational benefits from their participation in the programme.

Within the scope of this study it is difficult to ascertain whether these differences in findings are due to the fact that earlier studies generally saw organisational change in TSOs as a problem, or whether it is the case that EU funding genuinely creates new and different opportunities which individuals charged with the management of EU funded programmes can exploit together, and for mutual benefit, with the individuals who are leading TSOs. Importantly, however, this study suggests that many of the benefits or challenges identified are not due to the conditions and requirements associated with URBAN II funding as such, but rather are a result of the approach taken by the LDP and the Programme Managers in making the funding available to TSOs and of the way TSOs responded to the opportunities and challenges this presented. This study shows that local interpretations of EU policy on the involvement of TSOs can vary significantly, given that URBAN II policy and regulations have an explicit emphasis on the inclusion of TSOs in programme development and delivery. It would seem, therefore, that it is the implementation of EU funded programmes which creates organisational challenges or benefits for TSOs, rather than EU policy itself.

The study also shows that Programme Managers fulfil a critically important role by acting as an intermediary between the rules and regulations governing EU funding, the requirements of public agencies and the capabilities of TSOs. By drawing on the expertise of the Programme Manager, and by making EU funding available in ways which support organisational development, Programme Managers are able, if they so choose, to develop the organisational capacity of TSOs *and* achieve service outcomes which both public sector and private sector organisations struggle to achieve alone. Roles of controller and user of EU funding became blurred as the Programme Manager worked inside TSOs to help them manage challenges arising from organisational growth and new services. TSOs actively participated in this role blurring, readily including the Programme Manager's resources in their organisational processes in order to provide new services and to develop their organisational capacity. These, then, were incidents of EU funded 'co-production' of services between the managers of EU funded programmes and TSOs delivering EU funded services.

Chapter Eleven: Contribution to Knowledge and Implications for Policy and Research

11.1 Introduction

In this final chapter conclusions are first drawn about the contribution to knowledge that has been made by this study. Then a number of policy implications for national governmental and EU institutions are identified, and in addition suggestions are made for further research to support the development of third sector theory, policy and practice. The chapter concludes with some final reflections on the learning process associated with undertaking this study.

11.2 Contribution to Knowledge

When the findings from this study and the earlier research cited here are drawn together it appears that organisational change inevitably follows when TSOs use public sector funding to develop new projects or services. Whether such organisational change becomes an ongoing challenge, creating few tangible benefits, or whether TSOs are able to develop their organisational processes, resources and structures, seems to be dependent more on the way in which funding is used than on the regulations which govern the funding.

This study brought the pivotal role fulfilled by the managers leading EU funded regeneration programmes into sharp focus. It was found in the UK that Programme Managers made the development of the organisational capacities of TSOs an integral part of the URBAN II programmes they were leading, strengthening them through the programme implementation process. This included capacity building interventions that supported TSOs in addressing organisational challenges which seemed to be the direct result of their using EU funding. In contrast, the findings from Germany showed that Programme Managers could act in ways which gave public agencies complete control over EU funding. This enabled these agencies to serve their interests first, and also to draw on the independent resources of TSOs to facilitate the delivery of a public sector led regeneration process.

This study suggests that LDPs and Programme Managers have considerable flexibility to interpret EU funding in ways which benefit TSOs. However, Programme Managers and partnerships do not seem to be the only actors indentifying ways to maximise the benefits from EU funding. TSOs were found here to be pro-active and to make carefully considered contributions to the development of ideas on the best use of EU funding. It is likely that the degree of TSOs' success in influencing Programme Managers and LDPs in interpreting EU regulations in ways which responded to their organisational needs determined the extent of the organisational benefits TSOs could derive from EU funding. It would seem, therefore, that the decisions made by agencies and individuals who control EU funding are just as important as the actions taken by TSOs in shaping their subsequent organisational development. Theories about the unequal power relationship between public sector led partnerships and TSO's (Lowndes and Skelcher 1998; Taylor 2001) may be helpful in explaining how decisions about the use of public sector funding comes about. However, they do not explain the organisational challenges TSOs encounter when engaging with such partnership processes and how TSOs deal with them; neither do they assist in the exploration of the benefits TSOs might derive from their participation in public sector led partnerships.

Urban regeneration involves decisions about the extent to which public agencies tackle deprivation themselves or give local communities the resources to do so. This study shows how EU funding can facilitate extensive collaborations between LDPs, Programme Managers and TSOs that go beyond decisions on resource allocations. Such collaborations have been found here to result in tangible service improvements in deprived neighbourhoods. The URBAN II funded project also left TSOs left better equipped to do their work in these communities, which included an improved capacity to continue their work once the EU funded programme had come to an end. In some of the cases studied the collaboration between Programme Manager and TSO was so deep that the service and organisational change seemed to have been jointly produced. While earlier studies have identified cases of the blurring of organisational boundaries and the co-production of public services (Sullivan and Skelcher 2002; Brandsen, van de Donk et al. 2005), this is, I believe, the first account of such co-productive processes between managers of public sector funded regeneration programmes and TSOs.

The way in which EU funding has been found to affect TSOs resembles many of the organisational impacts identified in earlier studies which were concerned with governmental funding. TSOs studied here encountered pressures on their systems, structures and procedures, as well as changes in accountability to their stakeholders, changes in organisational goals, governing bodies and organisational members. However a key finding from this study was that many members of the TSOs studied perceived such organisational changes as constituting, or contributing to, positive organisational developments. For example, EU funding did not lead to a replacement of volunteers as predicted in earlier studies, but to substantial increases in volunteering in a number of cases. Accountability was not weakened but enhanced, and many TSOs were better able to draw on the support of their local communities as well as on the resources of public agencies as a result of participating in the URBAN II programme.

The predominantly positive attitude found in this study towards organisational change amongst members of TSOs raises questions about the approaches taken in earlier research towards the study of organisational change in TSOs. Many such studies tended to investigate particular aspects of organisations in isolation from other organisational elements, and thus may have detected mainly negative impacts resulting from funding in relation to a particular part or process of the organisation (see section 4.2). The tendency in earlier research to report on negative rather than positive organisational impacts seems to have hindered the development of theoretical frameworks through which potential advantages associated with public sector and EU funding could be conceptualised and studied. It would be important, therefore, to develop third sector specific models of organisational change which show how short term challenges resulting from the influx of new funding can result in longer term organisational benefits for TSOs.

The findings from many earlier studies on organisational change in TSOs also suggest that governmental or EU funding affects most TSOs in similar ways, often implying that it is the type or source of funding which determines the challenges that TSOs encounter. The findings from this study sound a note of caution in this respect. Organisational change resulting from funding appears to be closely related to the approach taken by Programme Managers and partnerships which control funding locally as well as the approach chosen by the TSOs towards securing and using the funding. In addition, organisational size has been shown here to influence the extent to which funding might

bring about organisational change, with smaller TSOs appearing more likely to encounter substantial organisational change when compared to larger TSOs. Hence organisational change resulting from EU funding seems to be contingent on a range of factors, some of which are related directly to TSOs while others are related to the approaches taken by Programme Managers and LDPs towards the control of EU funding.

A related finding from this study is that smaller TSOs seem to be more skilled at turning these challenges into positive organisational developments than were their larger counterparts. This brings into question the findings from earlier studies which suggested that smaller TSOs suffer disproportionately from governmental funding and contracting regimes (Schlappa 2001; Schlappa 2002; Mitchell and Drake 2005). Hence some further exploration of the differences resulting from the relative sizes of organisations would seem necessary in order to develop a more coherent body of knowledge on the organisational change resulting from public sector funding.

While many of the organisational changes identified in relation to EU funding are similar to those resulting from governmental funding, this study found that these two types of funding differ in some respects. This includes that TSOs can use EU funding to circumvent policy directives and the control that public agencies exercise over access to local resources. While in earlier studies local governmental agencies and trans-nationally operating TSOs have been found to pursue such strategies, this study seems to be the first account of TSOs pursuing such tactics in local regeneration contexts.

An additional finding which suggests that EU funding may have features which differ from governmental funding is that URBAN II funding seems to have amplified pre-existing features of TSOs, rather than leading to profound changes in organisational structures, processes, purposes or participants. For example, where TSOs relied heavily on volunteers to do their work prior to URBAN II, they were able to develop volunteer involvement with URBAN II funding; where TSOs had strong links to their local communities these could be enhanced, while TSOs which operated with few such links continued to do so. This suggests that EU funding may perhaps be more flexible than governmental funding in accommodating the particular organisational features of TSOs.

11.3 Policy Implications

This study was focussed on organisational changes in TSOs. Nevertheless, the findings reported here allow some limited statements about implications for national and EU policy.

As shown in Part One of this study, urban regeneration, social inclusion and the development of civil society have emerged as important policy fields within the EU Structural Funds. This and other cross-national studies (Murie and Musterd 2004; Sidney 2009) also point towards the distinctive contribution TSOs can make to the reduction of poverty and exclusion in Europe. But while EU policy increasingly calls on governments to engage TSOs in the regeneration of deprived urban neighbourhoods, there are few tangible suggestions as to how LDPs and local governmental agencies should approach this. In the context of the growing profile of TSOs in current EU policy, it seems imperative that more should be done to show how policy makers and practitioners can support TSOs in making a distinctive contribution to the reduction of social and economic exclusion in the most deprived neighbourhoods of the EU. Below are three suggestions as to how scholars and practitioners could contribute to this task.

Promote existing opportunities for collaborative practice between TSOs and public agencies in the delivery of EU funded programmes

A key policy implication arising from this study is that the fulfilment of EU regulations with regard to transparency, probity and accountability in the use of EU funding does not require public agencies to exercise complete control over partnership and decision making processes. TSOs have been shown here as able to act as efficient managers of EU funded programmes, including working closely together with local residents to govern programmes such as URBAN II. The models developed in Belfast and Bristol should therefore be explored further with regard to their applicability to other national and local contexts and, if appropriate, promoted.

This study has also shown how different ideas about the role that TSOs play in the urban renewal process can influence the way in which TSOs and public agencies work together. While national differences are likely to remain the major influence on how public sector organisations and TSOs approach their work together, there is nevertheless a need to raise awareness of the substantial choices that are available within existing EU regulatory

frameworks regarding the involvement of TSOs in the design and delivery of regeneration programmes. What is more, practitioners do not need to wait for changes to EU policy or to the regulations governing the Structural Funds before they can implement collaborative working practices. Compared with earlier rounds, such as the URBAN II programme studied here, the current 2007-2013 European Structural Funds have increased the flexibility available to LDPS and Programme Managers at a local level (Commission of the European Communities 2006f). Thus *current* EU funded regeneration programmes offer the opportunity to design local funding environments in ways which support positive organisational change in TSOs. Providing technical support at the planning stage, encouraging the engagement of residents and volunteers, adding administrative capacity to small TSOs and opening doors to decision makers in other public agencies are all relatively simple actions that have been shown here to create substantial organisational benefits for TSOs. Such actions can be replicated in other institutional and cultural contexts, and could be promoted wherever EU funding is made available to national and local governments.

Public sector organisations might also benefit from learning how to accommodate and work with the ‘otherness’ of TSOs in programme delivery. Hence initiatives that promote the exchange of learning and good practice in urban regeneration across European member states, such as the URBACT programme (URBACT 2006; Commission of the European Communities 2007c) need to put more emphasis on exploring the role of TSOs in urban regeneration programmes. This could include a focus on the organisational benefits that TSOs can derive from EU funding, and how this in turn benefits the communities they serve.

Critically examine assumptions underpinning policy on social enterprise at national and EU levels

This study points to the need for a critical review of the importance attributed to social enterprise in the delivery of EU funded interventions (Commission of the European Communities 1998b; Commission of the European Communities 2005; Commission of the European Communities 2007e), and also to the idea that social enterprises are the best organisational type of TSO to deliver EU policy objectives (Borzaga and Defourny 2001; Spear, Defourny, J. et al. 2001; Evers and Laville 2004c; Bode 2006). Large TSOs, which

tend to be the social enterprise organisations most likely to be able to access and use EU funding, have been found in this and earlier studies (Morrin, Simmonds et al. 2004) to be less likely than smaller TSOs to engage volunteers, to include local residents on their governing bodies or to build their work on the ideas of local people. It would, therefore, seem appropriate to re-examine the validity of earlier assumptions about the contribution that social enterprises are expected to make towards EU funded programmes.

The findings from this study point towards potential problems associated with a commissioning approach towards the allocation of EU funding, which is the principal method used to allocate public sector funds to social enterprises. Commissioning appears to reduce the potential diversity of contributions that TSOs can make to the regeneration of deprived neighbourhoods, mainly because the interventions which receive funding are specified by public sector agencies, thus reflecting particular perspectives on the nature of problems and their solutions. It also precludes the inclusion of new practices developed by TSOs in localities which have often suffered for many years from disproportionate levels of deprivation and exclusion, despite extensive public sector led interventions. Therefore, if, as seems likely, contracting and commissioning remain the principal methods through which national governments allocate EU funding to TSOs, then policy makers and practitioners should be given the tools to understand how this can be done in ways in which allow TSOs to develop their strengths and distinctive capabilities to tackle deprivation and exclusion. This should include guidance on how to avoid the inadvertent exclusion of smaller TSOs from the EU funded regeneration processes.

Challenge the notion of a coherent European third sector

A third policy implication is related to the way in which EU policy conceptualises TSOs and the third sector more generally. This study raises the question as to whether it is feasible to think about a single European third sector, as suggested by a number of scholars (Evers and Laville 2004a; Osborne 2008). The sheer diversity of TSOs, together with the array of sectoral features that are found in Europe, points towards the difficulties involved in conceptualising European TSOs as belonging to a single sector (Crowhurst, Fernandez et al. 2005; Kendall 2005; Will, Crowhurst et al. 2005). Thinking about *organisations*, in contrast, makes the task of understanding what TSOs do in their particular national or local contexts more manageable and perhaps also more meaningful

in relation to EU policy goals. Therefore it would be important to encourage EU policy makers to invest in research which develops bodies knowledge about TSOs at the level of nation states to support better practice among EU member states with regard to the involvement of TSOs in policy development and implementation.

11.4 Further Research

At the outset of this study I posed the question of how TSOs might be affected by EU funding, together with the observation that research on TSOs in relation to EU funding was limited. While this study has, I hope, made a contribution towards improving our understanding of how EU funding can affect TSOs, the findings also raise a number of wider questions and issues which merit further exploration. These include:

- How does programme leadership affect the organisational development of TSOs?
- How do organisational members of TSOs initiate and negotiate organisational changes resulting from inflows of new public sector funding?
- Does EU funding offer opportunities for local TSOs to circumvent the control over resources which is exercised by local public agencies?
- What should be done to maximise the contributions from TSOs towards the implementation of EU funded social and economic inclusion programmes?
- How do different conceptual perspectives on change in TSOs inform the interpretation of research findings?

The scope of these questions is briefly set out below:

How does programme leadership affect the organisational development of TSOs?

This study has shown that managers of regeneration programmes play a pivotal role in negotiating the tensions arising from the requirements associated with EU funding conditions and sub-national governance processes on the one hand, with the expectations and needs of TSOs on the other. Whether EU funding is used in ways which encourages or stifles the organisational development of TSOs appears to depend to a large extent on the opportunities created by Programme Managers for the collaborative development and implementation of such programmes, yet there appears to be a significant gap in knowledge about the leadership processes within partnership led programmes in relation to their impact on TSOs as service providers.

The findings from this study suggest that the different approaches taken by LDPs and Programme Managers towards programme leadership result in very different organisational impacts for TSOs, which in turn seem to affect the contribution TSOs can make towards the regeneration of the neighbourhoods in which public sector funded regeneration programmes operate. It would be important, therefore, to explore further why and how certain approaches towards programme leadership result in the organisational development of TSOs and why others do not.

A question that follows from this is whether TSOs that are benefitting from positive organisational development through their participation in a public sector funded programme are more likely to make a full and lasting contribution to the regeneration of deprived neighbourhoods. Much third sector research so far has focussed on questions concerned with the barriers and challenges encountered by TSOs which engage with regeneration processes. While some of the research concerned with government funded capacity building does try to make links between the organisational development of TSOs and the services they provide (Durning 2006; Harris and Schlappa 2007) there does not appear to be any research which explicitly makes connections between the interventions by Programme Managers, organisational change in TSOs and regeneration impacts created by TSOs.

How do organisational members of TSOs initiate and negotiate organisational changes resulting from inflows of new public sector funding?

There are few text books which bring together theories, concepts and research that are specific to the structures, processes, participants and goals of TSOs. Many who have tried to accomplish this task borrow heavily from models developed for private or public sector organisations (Hind 1995; Hudson 1995; Anheier 2005). Hence organisational change is often explained as a strategically planned, incremental or largely unplanned process. Such explanations are supported by a growing body of research which tries to relate findings on organisational change to higher level concepts and theories of organisational change (Scott, Alcock et al. 2000; Scott and Russell 2001; Harris 2001b). However there appears to be a gap in knowledge about the connection between processes which lead to an inflow of public sector funding and processes which determine how resulting organisational challenges are identified and dealt with, both by organisational

members and actors outside the organisation. In this regard third sector organisational theory on strategic management, governance and leadership appears to be woefully under-developed. Further research in this area would be important to generate better insights into the processes through which organisational change in TSOs is triggered and negotiated.

Does EU funding offer opportunities for local TSOs to circumvent the control over resources which is exercised by local public agencies?

This study points to the possibility that EU funding potentially offers an opportunity for TSOs to circumvent the control of local public agencies over access to local resources. Such opportunities might be important in situations where public agencies are reluctant to share resources with third sector agencies and thus, possibly inadvertently, undermine core priorities of EU regional policy. It would seem important, therefore, to explore the extent to which EU programmes offer TSOs alternative access to funding which is not fully controlled by local public agencies. Such a study would throw more light on the realities of working in a European multi-level governance context, and on the opportunities as well as limitations that EU funded programmes offer to TSOs which are not effectively supported by their public sector partners in making a contribution to the regeneration of deprived urban neighbourhoods.

What should be done to maximise the contributions from TSOs towards the implementation of EU funded social and economic inclusion programmes?

Given the high profile attributed to TSOs in the delivery of EU funded urban regeneration programmes, it would seem important to understand better how the approaches chosen in the development and delivery of EU funded programmes affect the contributions that TSOs can make to the regeneration of deprived neighbourhoods. However, existing research on the implementation of EU funded programmes makes scant reference to the way in which TSOs respond to and engage with the funding opportunities available through EU programmes. The exploration of the organisational consequences of the interaction between organisational actors from the public and third sectors is also largely neglected in current research, possibly due to a focus on the policy process and governance arrangements associated with multi-agency service provision.

This focus of analysis neglects important theoretical perspectives associated with the distinctive features of TSOs, programme leadership and collaborative working practices. The application of the concept of co-production promises important new insights here because the development and delivery of public sector funded programmes can be conceived of as being a process of co-production which revolves around the managers of such programmes and the managers of TSOs. A focus on joint service delivery processes promises a new perspective on effective partnership practice, and might at the same time identify different approaches through which some of the problems associated with a lack of collaboration between TSOs and public sector agencies could be tackled.

How do different conceptual perspectives on change in TSOs inform the interpretation of research findings?

This study has generated findings which suggest that organisational change resulting from public sector funding can have a range of positive effects on the organisational development of TSOs. These findings are in contrast to much of the literature concerned with the study of organisational change in TSOs, which focuses on the problems and challenges resulting from the use of public sector funding. It would therefore seem important to identify the theoretical assumptions which underpin the interpretation of findings on organisational change in TSOs reported in the literature, and to subject these to critical analysis. This would not only support the future development of a body of knowledge about organisational change in TSOs, but would also contribute to the development of theoretical perspectives suitable for the exploration of organisational benefits which public sector funding can create for TSOs. In the context of a continuing policy drive towards drawing TSOs deeper into a service provider relationship with public agencies, such research would seem important for practitioners as well as policy makers.

This and other studies suggest that TSOs which most closely reflect the organisational structures and processes associated with social enterprises seem to be remote from communities and encountered substantial organisational challenges in using EU funding. Yet there does not appear to be any empirical evidence to show to what extent it is social enterprises, rather than other forms of TSOs, which contribute to the delivery of EU funded programmes. It would be important, therefore, to undertake a study which identifies the extent to which TSOs participating in the delivery of EU funded

regeneration programmes reflect the organisational structures and processes associated with social enterprises, and to contrast their contribution with that of other types of TSOs. Such a study would support the critical analysis of EU policy which directly affects the work of many TSOs and, in addition, would also contribute to a critical debate about the purpose and contribution of social enterprise within the context of European and national policy.

11.5 Final Reflections

Looking back at my original motivation and assumptions about carrying out a cross-national study, I have learned that dealing with the complexities and challenges associated with cross-national studies is much more demanding than reports on such research projects suggest. The cross-national nature of my study made me understand how important it is to see my research 'objects' as being embedded in particular social and institutional contexts, and a reflexive approach supported me in putting my own assumptions about what I was investigating to one side and to see the situation through the eyes of the study participants.

Being reflexive was helpful for another reason: it helped me confront my assumptions about the way in which public agencies and TSOs work together. Not only did I find that organisational change and collaboration are far more complex than I had anticipated, I also identified some unexpectedly positive organisational change processes in TSOs, together with examples of deep collaboration between TSOs and Programme Managers. Being reflexive and rigorous in the collection and analysis of data was critically important in making me trust and explain my findings, and in ensuring I reported in this thesis what I found rather than what I expected to find. Hence writing this thesis has developed my ability to critically reflect on my own assumptions when undertaking research, which is, I believe, an important step towards becoming a conscientious and critical social researcher.

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APPENDIX ONE

Overview of sites in receipt of URBAN II funding 2000-2006

Overview of the allocations of URBAN II funding to cities in the European Union member states

Source: http://Europa.eu.int/comm/regional_policy/urban2/intro_en.htm



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APPENDIX TWO

Topic Guides for Semi-Structured Interviews with Third Sector Organisations

TOPIC GUIDE URBAN II INTERVIEWS UK

Introduction: Purpose of study, confidentiality, anonymity, duration, can stop at any time

1. About you and your organisation

Please would you tell me about yourself and how you became involved in this organisation?

- Previous employment/work
- Roles and responsibilities
- Relation to other functions of the organisation

Please would you tell me about the history and purpose of this organisation. How did it come about?

- Why was it created.
- Who were the founders
- Political and ethical aims
- Legal status
- Number of staff/volunteers
- Turnover
- Importance of residents/users
- Profile of professional and political actors

What would you say are the main changes this organisation has experienced over the past 3 –5 years?

- Composition of governing body
- Changes in legal status of organisation
- Formalisation of structures and procedures
- Professionalisation of staff
- Composition/participation of volunteers
- Changes in beneficiaries
- Development of new functions and services
- Size and turnover
- Composition of income
- Characteristics of institutional or sectoral networks
- Degree of influence on decision making by public sector organisations

What would you say has caused these changes?

- Changes in govt policy
- Strategic choice by the organisation
- Changes in availability of funding
- Expectations of users/supporters

2. About your URBAN II project

Why do you believe the application for UII funding was made?

- Purpose/driver for seeking funding
- What were perceived problems
- What were perceived benefits
- Role of board in decision making and application process

Compared with other public funding, are there particular challenges associated with using or administering the UII funding you received?

- Effect on organisational structure and process
- Need for specialist personnel
- Is UII responsible for some of the changes under 2.2?**
- Administration of funding
- Reporting, evidencing, monitoring
- Sustainability of project after UII funding ceases

What benefits does the UII funding bring to your organisation?

- Continue existing work
- Develop new work
- Take risks
- Innovate
- Sustainability

3. About the future development of your organisation

In what way will the UII funding/project influence the future development of your organisation?

- Growth
- New services/goals
- Sustainability

How will the UII project affect the role your organisation plays for the local community?

- Community development
- Advocacy

4. About your local networks

What support would from the UII programme management would have helped you to deliver the UII project?

- Capacity building (skills and org dev.)
- Technical support
- Flexibility in implementing funding requirements
- Ability to influence UII strategy

What support from public sector organisations would have helped you in delivering the UII project?

- Political support
- Financial support
- Influence overall UII strategy

What support do you need from other TSOs to do your work?

- Specific networks for UII
- Characteristics of TSO networks
- Role of infrastructure TSOs
- Degree of mutual support/competition

5. Is there anything else you would like to tell me about your UII project?

TOPIC GUIDE URBAN II INTERVIEWS

Third Sector Organisations (Freie Träger), Berlin

Einleitung: Dieses Gespräch ist vertraulich; Zitate bleiben anonym, ebenfalls die Organisation. Zielsetzung der Studie; Dauer des Gespräches; kann jederzeit beebdigt werden

Frage	Anstoss/Prüfen
1. Würden Sie mir bitte zunächst über Ihre Rolle und Ihre Aufgaben in dieser Organisation Auskunft geben	<ul style="list-style-type: none"> • Wie lange in dieser Organisation • Wo haben Sie vorher gearbeitet • Wie kamen Sie dazu in dieser Organisation zu arbeiten • Pflichten, Aufgaben, Befugnisse
2. Bitte würden Sie mir den Ursprung, Zweck und Ziele Ihrer Organisation schildern	<ul style="list-style-type: none"> • Gründer • Werte und Grundsätze • Rechtlicher Status (Verein, gGmbH, Stiftung) • Führungsrollen • Ressourcen • Wie wichtig waren Verbindungen mit den Anwohnern/Nutzern in der Entstehung dieser Organisation • Professionelle und politische Beziehungen zum institutionellen Umfeld • Politische u. ethische Zielsetzungen der Org.
3. In Bezug auf Ihre Organisations, welche bedeutenden Veränderungen haben Sie innerhalb der letzten 3-5 Jahre beobachtet	<ul style="list-style-type: none"> • Zusammensetzung/Aufbau o. Rolle des Vorstandes • Veränderungen im Maß in dem Selbsthilfe und ehrenamtliche Arbeit eine Rolle spielen • Einnahmequellen und Umsatz • Wachstum • Freie Mittel vs Dienstleistungsverträge • Neue Funktionen und Dienstleistungen • <u>Ursachen:</u> • Einfluss externer Entscheidungsträger • Sozialpolitik u. Wirtschaftspolitik • Änderungen im Vorstand • Änderung in der Geschäftsführung

<p>4. Wie Sie wissen bin ich besonders an URBAN II interessiert. Würden Sie mir bitte erläutern aus welchen Gründen der Antrag auf UII Förderung gestellt wurde</p>	<ul style="list-style-type: none"> • Wie wurde die Entscheidung sich an UII zu beteiligen gefällt • Welche Aspekte von UII erregten Besorgnis oder bereiteten Schwierigkeiten • Welche Erwartungen waren an UII geknüpft • Auf welche Weise war der Vorstand bei der Entscheidung beteiligt
<p>5. Im Vergleich zu anderen Projekten mit denen Sie zu tun haben, wie würden Sie die besonderen Herausforderung des UII Projektes beschreiben was die Fördermittel anbelangt</p>	<ul style="list-style-type: none"> • Volumen oder der Charakteristik der Arbeit • Veränderungen im Aufbau/Mischung der Nutzer • Cash flow o. Liquiditätsprobleme • Abrechnung von UII Mitteln (1/4 claims) • Fördervertrag u. Bedingungen • Controlling u. Berichterstattung • Organisatorische Kapazität zur Projektsteuerung • Technische Fähigkeiten der Mitarbeiter • Organisationsstruktur und Verwaltungsprozesse • Veränderung der Organisationsstruktur o. Kultur • Anstellung von zusätzlichem Personal mit speziellen Fähigkeiten
<p>6. Bringt das UII Programme ihrer Organisation Vorteile?</p>	<ul style="list-style-type: none"> • Weiterführung bestehender Dienstleistungen • Neue Dienstleistungen • Innovation • Nachhaltigkeit
<p>7. Welchen Beistand/Rückhalt hätten Sie sich vom Träger oder den öffentlichen Einrichtungen bei der Ausführung Ihres UII Projektes gewünscht</p>	<ul style="list-style-type: none"> • Technische/Professionelle Unterstützung • Flexibilität der Träger von UII u.d. Verwaltung • Politische Unterstützung • Finanzielle Unterstützung • Ist Ihrer Organisation unbequem für die Verwaltung • Gegenseitige Unterstützung mit anderen Gemeinnützigen Organisationen • Mitwirkung an dem übergreifenden UII Programm am Ostkreuz /den UII Gremien
<p>8. Spielen andere freie Träger eine wichtige Rolle für ihre Arbeit vor Ort?</p>	<ul style="list-style-type: none"> • Netzwerke/UII spezifisch • Zusammenarbeit – Wettbewerb

<p>9. Welchen Einfluss wird dieses UII Projekt auf die Zukunft Ihrer Organisation haben</p>	<ul style="list-style-type: none"> • Neue Dienstleistungen und Aufgabenbereiche • Neue organisatorische Zielsetzungen, Zwecke und Werte • Nachhaltigkeit • Welche Aspekte von UII sollen weitergeführt werden, was wird abgeworfen • Arbeit mit Anwohnern
<p>10. Gibt es noch andere Aspekte Ihres UII Projektes über die Sie mir Auskunft geben möchten?</p>	

APPENDIX THREE

Topic Guides for Semi-Structured Interviews with Public Sector Organisations

TOPIC GUIDE

Public Sector/Programme Management, UK

1. About you and your organisation

Please would you tell me about yourself and how you became involved in this organisation?

- Roles and responsibilities
- Previous employment/work
- Size and structure of team/organisation

How do your roles and responsibilities relate to other functions of your organisation?

- Lead Department for UII
- Accountable body function
- Liaison and co-ordination
- Strategic/thematic partnerships

2. About the VCS in your area

What problems do VCOs solve for public sector organisations in this neighbourhood?

- Service delivery
- Social cohesion
- Cost savings
- Advocacy
- Resident engagement
- Economic development

What profile has the VCS got in this neighbourhood?

- Size of VCS
- Composition of VCS
- Umbrella organisations/Infrastructure organisations
- Co-ordination of VCS activity
- Scale of publicly funded services delivered by VCS

With regard to your work with the VCS in this neighbourhood – and perhaps elsewhere in this city - what were the main changes that have taken place over the past 3-5 years?

- Composition of CVS
- Approach of public sector organisations towards working with VCOs
- Professionalisation of VCO services
- Scale of services provided by VCOs
- Advocacy
- Engagement/inclusion

What would you say are the main causes leading to these changes?

- National policy
- Local policy
- URBAN II
- Expectations of residents/public sector organisations

3. About your URBAN II Programme

Why would you say was the application for URBAN II funding made?

- How was decision made to submit a proposal
- What are the main problems UII aims to address
- How were these problems identified/needs analysis
- What aspects of UII funding/application process raised concerns
- What were the perceived benefits of the UII programme

To what extent were the expectations in UII fulfilled?

- Impact
- Sustainability

What are the governance arrangements for the URBAN II programme?

- Composition of governing body
- How were decisions on governance of UII arrived at
- How is the power shared between UII Board and accountable body
- How are disagreements between UII Board and accountable body resolved
- How are residents informed and involved in decision making

How are you involved in project development, approval and implementation?

- Providing information
- Encouraging/discouraging projects
- Technical advice
- Navigating project ideas through political/departmental channels
- Ensuring compliance (EU and match funding)
- Proposal/appraisal/approval

Compared with other funding sources, how would you describe the particular challenges associated with the administration and management of your UII programme?

- Entering into funding agreements with VCOs
- Securing match funding
- Evidencing/monitoring/reporting
- Time scales
- Capacity of VCOs to fulfil EU funding requirements

Are there ways in which you support VCOs in receipt of UII funding to fulfil funding requirements?

- Training
- Assessment of VCO capacity
- Explaining requirements and how to respond
- Site visits
- Technical support

4. About the future of URBAN II funded projects

What would you say is your role in relation to the future development of UII funded projects?

- Mainstreaming
- Helping secure contracts from PAs
- Connecting VCOs to networks/partnerships/strategies
- Identifying alternative funding opportunities

What would you say will be the lasting changes resulting from the UII programme in this neighbourhood?

- Structure/composition of VCS
- Sustainability of UII projects

How could VCOs have better helped you deliver the UII programme?

- Collaboration with public sector organisations
- Capacity to deliver agreed outputs
- Political support

What could the local authority/public sector organisations have done differently in the development and delivery of this UII programme?

Is there anything else you would like to tell me about you're UII programme?

TOPIC GUIDE URBAN II INTERVIEWS

Verwaltung und Programmleitung, Berlin

Frage	Anstoss
1. Würden Sie mir bitte zunächst über Ihre Rolle und Ihre Aufgaben in dieser Organisation Auskunft geben	<ul style="list-style-type: none"> • Wie lange in dieser Organisation • Wo haben Sie vorher gearbeitet • Wie kamen Sie dazu in dieser Organisation zu arbeiten • Umfang/Hierarchie der Organisation/der Abteilung
2. Bitte würden Sie mir über die Zusammenarbeit Ihrer Abteilung mit anderen Fachverwaltungen und Organisationen Auskunft geben	<ul style="list-style-type: none"> • Art der Beziehung zwischen Freien Trägern und Verwaltung • Federführung für UII • Zusammenarbeit mit dem angrenzenden Bezirk • Zusammenarbeit von Planungsbüro und Verwaltung
3. Welches Profil haben Freie Träger im URBAN II Gebiet	<ul style="list-style-type: none"> • Grösse des Sektors • Zusammensetzung des Sektors • Infrastrukturorganisationen • Summen die von Verwaltung in den Sektor fließen • Beteiligung von Freien Trägern an planerischen und politischen Entscheidungsprozessen
4. Welche Probleme lösen die Freien Träger und Vereine für die Verwaltung	<ul style="list-style-type: none"> • Dienstleistungen • Kostenersparniss • Bürgernähe/Partizipation • Soziale Einbindung • Arbeitsplätze/wirtschaftliche Entwicklung
5. In Bezug auf die Arbeit der Verwaltungen mit freien Trägern und Vereinen, welche bedeutenden Veränderungen haben Sie in den letzten 3 –5 Jahren beobachtet	<ul style="list-style-type: none"> • Zusammensetzung des dritten Sektors • Volumen der Dienstleistungen • Professionalisierung • Verbindungen mit der Basis/den Bürgern • Rolle der Verwaltung
6. Was ist Ihrer Meinung nach die Ursache für diese Veränderungen	<ul style="list-style-type: none"> • Sozialpolitik u. Wirtschaftspolitik • Vorstellungen über die Rolle und Funktion der öffentlichen Verwaltung • Erwartungen der Bevölkerung • Veränderung der Problemstellungen

	f. d. öffentliche Verwaltung
7. Wie Sie wissen bin ich besonders an URBAN II interessiert. Würden Sie mir bitte erläutern aus welchen Gründen der Antrag auf UII Förderung gestellt wurde	<ul style="list-style-type: none"> • Wie kam es zu der Entscheidung sich an UII zu beteiligen • Welche Aspekte von UII erregten Besorgniss oder bereiteten Schwierigkeiten • Welche Erwartungen hatte man an die Freien Träger • Welche Vorteile versprach man sich von UII
8. Wurden die Erwartungen die an UII geknüpft waren erfüllt?	<ul style="list-style-type: none"> • Verbesserung des Quartiers • Qualität der Projekte • Nachhaltigkeit
9. Im Vergleich zu anderen Projekten der Stadterneuerung die über Sondermittel finanziert werden, wie würden Sie die besonderen Herausforderung des UII Programmes beschreiben	<ul style="list-style-type: none"> • Steuerung and Verantwortung für Programmumsetzung • Fähigkeit von Freien Trägern vertragliche Bedingungen zu erfüllen • Förderbedingungen • Abrechnung, Controlling u. Berichterstattung • Organisatorische Kapazität zur Projektsteuerung
10. Wie werden Freie Träger bei der Antragstellung und Durchführung des UII Projektes unterstützt	<ul style="list-style-type: none"> • Unterstützung mit Formularen und Berichten vor Ort • Technische Unterstützung durch Konsultants/Büros
11. Was werden Ihrer Meinung nach die langfristigen Wirkungen des UII Programms für den dritten Sektor hier im Bezirk sein	<ul style="list-style-type: none"> • Nachhaltigkeit der UII Projekte • Verlust kleiner Träger/Struktur des Sektors • Zukünftige Finanzierung von arbeitsmarktpolitischen, stadträmlichen und sozialen Massnahmen
12. Welche Rolle spielen Sie bei der Sicherung der Nachhaltigkeit der UII	<ul style="list-style-type: none"> • Einbindung in Dienstleistungsverträge mit

Projekte	Verwaltungen <ul style="list-style-type: none"> • Vernetzung von Projektträgern mit neuen Strategien • Unterstützung von Drittsektor Netzwerken • Unterstützung von freien Trägern • Information
13. Welche Haltung oder Herangehensweise der Freien Träger hätten Sie bei der Umsetzung des UII Programmes besonders begrüsst	<ul style="list-style-type: none"> • Kooperation mit Zielen der Verwaltung • Qualität/Verlässlichkeit • Politische Arbeit
14. Was hätten öffentliche Verwaltungen anders machen können bei der Umsetzung des UII Programmes?	
15. Gibt es noch andere Aspekte oder Probleme des UII Programmes über die Sie mir Auskunft geben möchten?	