

From Hierarchical Model to Network Model: A Neighbourhood Renewal Case Study

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The tension between two service delivery models

This hierarchical model of government has been with us for over a century. It has successfully supported the delivery of services to citizens by virtue of its ability to perform repetitive and predictable tasks prescribed by a clear set of rules and requirements (Eggers and Goldsmith 2004).

The demands and expectations that citizens place on their governments have matured with a well recognised need for governments to be able to respond to more complex policy problems. These problems often involve multiple and interconnected causes that cannot effectively be resolved by a single department with authority to deliver a limited range of services (Olsen 2005, SSA 2007b). Their resolution requires action from multiple departments at all levels, in addition to action from organisations in the commercial and not-for-profit sectors.

Globally, and across Australia, a plethora of government initiatives have been established in response to these cross-cutting policy problems. In Victoria alone, the State Services Authority (SSA) identified a non-exhaustive list of 39 joined up government initiatives that employed a range of approaches including place based, cross cutting policy issue, population or client groups, integrated service delivery and levels of government (SSA 2007a).

Many of these initiatives employ what is referred to in the theoretical literature as a network management approach. Place based initiatives are one form of network management, delivering a service or outcome which requires the concerted efforts and cooperation of multiple organisations and participants in the network, all of whom possess some capabilities.

The criticism of the traditional bureaucratic model of government has led some to prescribe an inevitable paradigmatic shift towards a networked public administration (Dunleavy and Hood 1994 in Olsen 2005). It is true that the emergence of networked service delivery arrangements have changed the way in which some areas of government operate. Yet despite these developments, the bureaucratic organisation remains intact and is still an entirely viable form of public administration (Olsen 2005).

The demarcation between traditional bureaucratic model and network model should not be drawn as battle lines. It should be thought of as two distinct but overlapping organisational forms, the tensions between which must be managed within a single operating model. The Demos think tank reinforces this point of view in its 2007 publication *The Collaborative State*:

The great contest in the public sector between competitive market, collaborative network and bureaucratic hierarchy probably does not end with a victory for any one kind of organisation...The most desirable outcome is a truce (Demos 2007: 21).

The hard part is identifying what this truce looks like for public administration. The overlap between the two modes of operation creates tensions for the way in which structures are

defined and managed, funds are allocated and targets achieved, and the nature of the underpinning culture and skills.

This paper uses the Victorian Neighbourhood Renewal place based initiative to examine these tensions. This project has been chosen on the basis that it embodies characteristics associated with both the traditional bureaucratic model and the network model.

Characteristics of a traditional bureaucratic model

Public policy practitioners are citizens and recipients of government services and, as such, are familiar with the traditional bureaucratic model of government. Given that bureaucracy is often a pejorative term used to label large commercial organisations and public sector departments, it is worthwhile to state its principal characteristics. For the purposes of this paper the characteristics of the traditional model of government are defined as:

- Organisational structures are embedded in vertical arrangements which support the devolution of power within government. It is through these vertical arrangements that processes are enforced and accountabilities are conveyed (Bourgon 2008)
- Funds and resources are organised around programs such as income support, housing, child care support that perform largely repetitive and predictable tasks to deliver services to citizens (Bourgon 2008)
- Cultures typically value impartiality, compliance and predictability with limited tolerance for risk taking and the exercise of individual discretion (Eggers and Goldsmith 2004).

Despite its longevity of tenure there is an increasingly dominant view that the traditional bureaucratic model with its vertical command and control procedures, narrow work restrictions, and often siloed cultures is ill-suited to responding to problems that increasingly know no organisational boundaries. These problems, often described as intractable, have multiple dimensions to them that cannot effectively be met by the authority, services and knowledge of a single government department (O'Toole Jnr, Hanf and Hupe 1997). Commonly used examples of these problems include homelessness and family breakdown, crime and drug addiction. There is also the view that the expectations of citizens to access coordinated and integrated services are not met by the vertical orientation of departmental structures and functions.

Characteristics of a network model

In response to the shortcomings of the traditional bureaucratic models, network arrangements have emerged that are able to produce 'joined-up solutions' to complex problems. The literature defines network arrangements as providing a solution which requires the concerted efforts and cooperation of multiple agents all possessing some capabilities (O'Toole Jnr, Hanf and Hupe 1997).

The concept of networks in public policy (Hanf and Scharpf 1978, Rogers and Whetten 1982, Gage and Mandell 1990, Hufen and Ringeling 1990, Marin and Mayntz 1991, Thompson et al 1991, Marsh and Rhodes 1992) has been sourced from a range of different theories and results in a diverse range of definitions and descriptions of networks in policy and public sector service delivery environments (Kickert, Klijn and Koppenjan 1997). Determining what constitutes an effective network is complicated not only by the diversity of views held by these network theorists, but also by the fact that networks evolve gradually, and depending on their genesis and events, different network forms have the potential to emerge. Critically, no network model has emerged as having the 'right' answer and therefore hybrid structures will continue to exist and develop in different ways as they adapt to their internal and external environments.

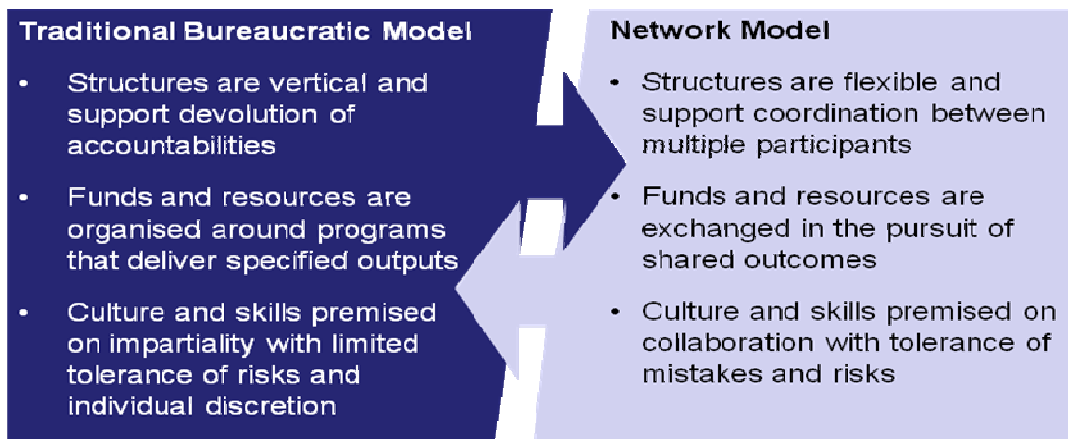
For the purpose of this paper the core characteristics of a network are defined as:

- Organisational structures that are flexible and characterised by coordination between multiple participants including levels of government, not for profit organisations and businesses which produce one or more pieces of a single service (Kickert, Klijn and Koppenjan 1997a)
- Funds and resources are shared and participants exchange funds, authority, information or expertise in the pursuit of shared goals (Rhodes 1999)
- Cultures typically value collaborative ways of working and adaptable approaches with a tolerance for mistakes and management of risks (Eggers and Goldsmith 2004).

Networked government comes in many forms including the utilisation of contract and subcontract arrangements to deliver services, supply chain networks to deliver products to governments and networks that are created in response to a specific situation such as an emergency. The benefits of the network model include its flexibility as it leverages the capabilities of multiple providers, its ability to develop innovative solutions and its speed enabled through an improved ability to access information and distributed decision-making (Eggers and Goldsmith 2004).

Overlapping or contending service delivery models?

The characteristics of the bureaucratic model and the network model are distinct. When these two models overlap, as is the case for Neighbourhood Renewal, a hybrid operating model emerges that blurs the previously clear distinctions between the two. It is in this blurring of boundaries that governments can find an ability to balance the needs of program and place.



This paper use three categories to explore the characteristics to identify the characteristics that form when the network model seeks to coexist with the bureaucratic model: 1) structure; 2) funding and targets; 3) culture and skills. The Victorian Neighbourhood Renewal initiative provides the case study for this assessment.

Victorian Neighbourhood Renewal

In 2001 the Victorian Government launched a new strategic policy framework called Growing Victoria Together (GVT) which aims to:

- Broaden the Government's policy framework beyond one of economic prioritisation to one that incorporates social and environmental dimensions
- Improve the capacity of Governments to partner with community and private sector organisations and respond to complex policy challenges
- Involve and engage citizens and communities in policy making and implementation (DPC 2007).

In 2005 the Victorian Government launched A Fairer Victoria (AFV), which is a whole of Government social policy action plan to address disadvantage and promote inclusion and participation (Victorian Government 2009). Central to GVT and AVT is Neighbourhood Renewal, a Whole of Victorian Government initiative that aims to develop partnerships and engage communities to address disadvantage.

The Neighbourhood Renewal model brings together the resources and ideas of residents, Governments, businesses and community groups, in partnerships, to tackle disadvantage. A local neighbourhood team is established to coordinate responses to local issues, supported by State and Local Governments, local businesses and community groups. Since 2001, 21 Neighbourhood Renewal Projects have been launched in locations selected on the basis of their relative disadvantage compared with other parts of the community (DHS 2008).

Neighbourhood Renewal has six key objectives:

1. Increased community pride and participation
2. Improved employment, learning and local economic activity
3. Enhanced housing and environment
4. Reduced crime and greater safety
5. Better health and wellbeing
6. Increased access to services and improved Government responsiveness (DHS 2008).

The 2008 'Neighbourhood Renewal: Evaluation' stated that Neighbourhood Renewal is having success in narrowing the gap between disadvantaged Victorian communities and the rest of the state (DHS 2008). The Report states that 'in renewal areas, school absenteeism has declined, over 5,000 jobs have been created and unemployment has been reduced by double the rate in the rest of Victoria (DHS 2008). The successes includes 7000 property upgrades and external improvement works; the creation of 33 social enterprises; 8 per cent decline in public housing turnover; 4 per cent reduction in unemployment; 27 per cent reduction in crimes against property and improvements in education and training outcomes (DHS 2008). There are also indications that Neighbourhood Renewal has contributed to the building of communities through the establishment of strong social networks and connections within the community combined with high levels of trust and reciprocity (Broad 2003, DHS 2008).

Structure

Structural arrangements are the way in which functions and resources are organised to oversee and facilitate the Neighbourhood Renewal projects. There are a range of structures in place to support Neighbourhood Renewal. Each structure has a distinct design driven by its degree of alignment with either a departmental portfolio, program and/or a geographic place.

The place based governance structure is participative and flexible

The Neighbourhood Renewal projects are supported by governance structures that represent multiple participants associated with a particular place. These structures include a decision-making committee with 50 per cent resident participation and representatives from state and

local government, local service providers and businesses. The participation of local residents drives the development of Neighbourhood Renewal Community Action Plans (CAPs) that detail the scope and direction of all renewal activities (DHS 2007a).

The Victorian Minister for Local Government and Housing, who oversaw the initial stages of the program, identified the importance of the local community representation to ensure community involvement in the local planning and resource allocation processes:

‘Neighbourhood Renewal started by setting up structures that enabled residents to be directly involved in planning and decision making. Even in the early stages, every effort was made to respond to the residents’ own priorities’ (Broad 2003, 8).

In addition to being participative, the place based governance structures are also flexible and can change according to the requirements of the participants. As one Neighbourhood Renewal Place Manager describes:

‘It’s really important to have a framework to work within – it’s equally important to be able to adjust that framework as you need to, to meet the particular needs of the community and stakeholders that you find yourself working with any particular project’
(Neighbourhood Renewal Place Manager 2008).

The place based governance structure is characteristic of a network management approach connecting multiple participants across organisational boundaries in a deliberative decision-making process.

The Neighbourhood Renewal project team structure is composed of key roles that cut across government programs

Each of the 21 Neighbourhood Renewal projects have a government funded neighbourhood team composed of a Place Manager, Project Officers, a Community Development Worker (CDW) and an Employment and Learning Coordinator (ELC). The roles report to the regional structures of DHS. Increasingly, the CDW and ELC are auspiced through local organisations.

As opposed to managing a specific government program or service, these project team members are responsible for bringing together the programs of government departments so that they make sense on the ground. One Place Manager expressed the role as:

“What we do try and do is engage the various levels of government whether state, federal or local government ... we talk to the different government departments as opportunities and issues are identified and identify where we need to attract funding
(Neighbourhood Renewal Place Manager 2008).

The Neighbourhood Renewal project team also facilitates the establishment of place based partnerships with a host of not-for-profit organisations, businesses and local governments. These partnerships support both the identification of local community priorities and provide the capacity to link resources to policy development and resource allocation priorities.

The Neighbourhood Renewal project team structure and composition is a blend of network and traditional bureaucratic characteristics. The project team members are responsible for the coordination of multiple inputs from a network of participants to achieve agreed outcomes. The same project team members report to the DHS regional structure.

The Neighbourhood Renewal Unit provides place based projects with an entry point to the decision-making processes of government

The Neighbourhood Renewal Unit is located within the Housing and Community Building Division (H&CB) within the Victorian Department of Human Services (DHS). The Unit is responsible for coordinating the Neighbourhood Renewal whole of government agreements, developing the Neighbourhood Renewal policy settings, operational guidelines, targets for better outcomes, evaluation and providing regional support. It also provides some oversight for the government funded project team roles and coordinates a Neighbourhood Renewal Managers' meeting. The Unit's team structure is cross program with specialist portfolio responsibilities for program areas such as education, crime, employment and health.

As the DHS "Success Factors report" states, Neighbourhood Renewal is a strategy developed to address the many factors contributing to disadvantage in a neighbourhood. Public housing is only one part of the initiative, but can be used as a catalyst for other actions (DHS 2007a). By virtue of its location within the H&CB, the Neighbourhood Renewal Unit is in close proximity of the to housing areas of DHS responsible for owning, managing and providing funds for over 77,000 properties, including crisis, transitional, public and community housing (DHS 2009). This structural proximity provides the Unit with an increased ability to influence the public housing programs and investment decisions of H&CB, linking them more directly to the specific needs of Neighbourhood Renewal projects.

The location of the Neighbourhood Renewal Unit within the H&CB and DHS also presents some challenges. The Unit is instrumental in coordinating the whole-of-government agreements and targets which cut across a range of portfolios including education, housing and employment. Despite this role, the Unit is located within a Department which has responsibility for only a subset of the programs that Neighbourhood Renewal is seeking to influence. The Unit facilitates whole of government agreements with the support of a State Coordination and Management Council (SC&MC) mandate and of the GVT and AFV policy frameworks. The structural location of the Unit, however, does little to provide it with the independence or authority needed to influence the investment decisions and priorities of government departments or programs.

The SC&MC provides the top-down authority for Neighbourhood Renewal across vertically organised portfolios

The SC&MC comprises the Secretaries of the eleven Government departments, the Chief Commissioner of Police and the Chair of the State Services Authority. The Council works towards solving policy and implementation challenges across portfolios (DTF 2007). It monitors the development of Whole-of Government agreements for Neighbourhood Renewal that are formalised in departmental Implementation Plans and reviewed and updated annually to include new or refined commitments. It endorsed the concept of whole-of-government targets in November 2005, and monitors progress against the targets.

The SC&MC provides the top-down authority for Neighbourhood Renewal across the vertically organised portfolios and programs of government. The mandate it provides to support the negotiation of agreements and the setting and monitoring of targets is fundamental to ensuring the responsiveness of portfolio and program areas to the unique needs of place. With the exception of a proposed appointment of a responsible Executive Officer (recently established role with the introduction of targets) within each department, there are limited formal structures that devolve these accountabilities across departmental program arrangements.

Regional Management Forums intended to provide the local link between program and place

Victoria's Regional Management Forums (Forums) were established in 2005 to facilitate collaboration between Victorian Government departments and local government in each of Victoria's eight administrative regions. The Forums are chaired by the departmental Secretary for the region, and comprise the Chief Executive Officers of local government and senior representatives from State Government departments (Wear 2008). The forums have authority to initiate joint projects in the respective regions. If additional funds or policy changes are required, the Secretary championing the region can recommend joint action through the SC&MC (Wear 2008).

The current role of Forums in coordinating program service delivery in response to Neighbourhood Renewal projects is limited. This finding is consistent with a recent SSA review which determined that the Forums had made limited progress in regional coordination and monitoring of investments. The review also found that the Forums are in the developmental stages establishing a collaborative relationship between state and local governments and providing a mechanism for constructive and regular dialogue (SSA 2007b). The Forums have not made a tangible contribution to the current structural arrangements that support NR.

Local governments as the link between government programs and place

Local governments have been identified as the most appropriate level of government to lead long-term place management. This is due to their proximity to communities and responsibility for holistic management of geographically defined communities (Considine and Local Government Victoria 2004).

In some NR areas local governments are taking a greater place management role with responsibilities for civic engagement and coordinating investment in community infrastructure. For example, in May 2009 a Neighbourhood Renewal project was established in Maryborough with the Central Goldfields Shire Council as the long term place manager and supported by State Government investment (DHS 2009b). A Neighbourhood Renewal project was also established in Flemington supported by a joint Moonee Valley City Council and H&CB place management role (DHS 2009b).

The arrangements that support local government to perform its role as long term place manager require further clarification and understanding in some areas of local government. Despite this, it is clear that local government will form an integral component of the structures that need to be in place to sustain NR in local communities.

Structure: The Hybrid Characteristics

The structural arrangements that support NR show that networked structures are not sufficient alone. These structures need to be balanced against more traditional bureaucratic structures and arrangements that are able to both direct and coordinate activities across portfolios and programs. The characteristic that emerges is a range of structures that exist on a continuum from traditional bureaucratic to network model. These structural arrangements include:

- A participative structure that supports contributions from multiple participants to in a deliberative decision-making process, such as the place based governance structure
- A connecting structure that provides place based structures with access to the decision making processes of government departments, such as the Neighbourhood Renewal Unit and the place based project team

- An authoritative structure, often centralised, that can direct investment and coordinate cross program decisions and activities, such as the SC&MC
- A local structure that has the capacity to coordinate government responses to local needs.

In the case of Neighbourhood Renewal, there are clear opportunities to enhance the existing structural arrangements through the introduction of clear accountabilities for shared outcomes:

- ***Independent function to embed place based work more deeply in the participating departments:*** The establishment of a function outside of a line agency (and potentially within a central government agency) with clear authority and accountability to embed place based work more deeply in the relevant departments such as health, education and communities.
- ***Establish clearer accountabilities at the ‘mid-level of government’ to embed place based work more deeply in the participating departments:*** The establishment of clear roles and accountabilities for both senior and mid-level bureaucrats within the participating departments requiring program owners to consider the responsiveness of their programs to local needs. This reinforces the Secretarial accountabilities managed through participation in the SC&MC.
- ***Implement Neighbourhood Agreements that clearly define state and local government responsibilities in responding to neighbourhood priorities:*** The implementation of Neighbourhood Agreements to formalise local community action plans and provide a clear link to state and local government commitments (DHS 2007b).

Funding and Targets

The 21 Neighbourhood renewal projects are supported by a mix of funds contributed from State and local government and agencies, and partners including the corporate and not-for-profit sectors. The relationship between government funding arrangements, targets and Neighbourhood Renewal requirements are considered in this paper.

Whole of Government Agreements

The whole of government commitments to Neighbourhood Renewal are contained in agreements that identify actions, performance measures and funding for participating Victorian government departments and agencies. The commitments are identified in consultation with the Neighbourhood Renewal Unit responsible for coordinating the agreements. The commitments are formalised in departmental Implementation Plans and reviewed annually to include new or refined commitments (DHS 2007b). The process is monitored by the State Co-ordination and Management Council (SC&MC) (DHS 2007b).

The whole-of-government agreements are based on agreed processes, structures and roles to commit departmental funds and initiatives to Neighbourhood Renewal projects. These mechanisms work to reduce fragmentation, duplication and improve coordination. It is a new way of thinking about delivering programs and improves the way government and agencies provide services to communities (DHS 2007a).

Whilst the achievements are notable, there are significant limitations in the extent to which the process embeds a systematic approach to planning and accountability in response to cross-cutting issues. Analysis of the 2008-09 agreement illustrates a range of departmental commitments which fall in to the following categories:

1. Specific Neighbourhood Renewal initiatives targeted to respond to the needs of Neighbourhood Renewal residents including joint departmental funding proposals.
2. Current programs targeted or expanded to deliver services to Neighbourhood Renewal sites as a priority.
3. Current programs with no change to priorities or funds used to demonstrate responsiveness to disadvantaged communities.

The commitments can be described variously from targeted responses to the specific needs of Neighbourhood Renewal locations to responses that do little more than consider the alignment between existing programs and services and Neighbourhood Renewal needs. The third category representing current programs with no change to priorities or funds used to demonstrate responsiveness to disadvantaged communities applies to approximately 30 per cent of the commitments in the agreements. These commitments are more representative of 'lip service' to the Neighbourhood Renewal projects, than an integrated planning approach responding to the unique needs of disadvantaged locations.

Departmental reluctance to contribute to whole of government initiatives can be for a range of reasons. The SSA identifies competition between whole-of-government projects and the department's own resource allocation proposals for which it has clear accountability for delivering outcomes as a significant barrier (SSA 2007a). An additional factor is the lack of integration of non-program requirements such as Neighbourhood Renewal, in the core business planning of departments. The existing commitments are organised around departmental portfolios and programs and there are few commitments structured around a specific Neighbourhood Renewal local area.

The whole-of-government approach aims to reduce exclusion by including people who have often been left out of planning and resource allocation (DHS 2007a). Despite this, the current approach to negotiating whole-of-government agreements is a top-down cross-government approach with priorities and commitments determined by internal departmental decision-makers. The process lacks transparency and is closed to federal and local governments, community members, and commercial and not-for-profit organisations that participate in Neighbourhood Renewal projects. It precludes these participants from inputting to processes including the identification of funding needs, influence over how the funds are spent, and it precludes flexibility at the Neighbourhood level around how funds can be accessed.

Neighbourhood Renewal Targets

The annual negotiation of whole of government agreements is intensive and not sustainable in the longer term (DHS 2007a). In response, the government has developed a Mainstreaming Strategy to embed the key features of Neighbourhood Renewal in to the core processes of state and local government. The key features being joined up government, place management and community governance (SSA 2007b). The Strategy describes the arrangements required to embed and sustain the operation of Neighbourhood Renewal in government departments and agencies prior to the expiration of funding.

The funding for each Neighbourhood Renewal project expires after eight years (DHS 2007b). The 21 projects are at various stages of development from (1) engagement and establishment; (2) implementation; (3) consolidation; (4) transition, sustainability and lasting benefit. In the sixth year of the project it is envisaged that Neighbourhood Renewal place management resources are transferred to participating local councils (DHS 2007b).

The Mainstreaming Strategy includes the introduction of whole-of-government targets for Neighbourhood Renewal project areas. The targets have been developed in consultation with participating departments. A lead department is appointed for each target with responsibility for driving joined up responses, providing or attracting further investment, coordination of effort and integration with COAG and other agreed frameworks (DHS 2009b).

The progress against targets will be measured through a range of State Government reporting arrangements including budgetary reporting of targets and service delivery outputs. There will also be a Neighbourhood Renewal Progress Report documenting departmental commitments and progress against targets submitted to the SC&MC and the Social Development Committee of Cabinet (SDCC). The approach to targets also recommended adoption of performance measures in relevant departmental Executive Officer Plans. These reporting measures were endorsed by Departmental Secretaries and are being implemented in 2009-10 (DHS 2009b).

The establishment of targets is a further step in embedding networked ways of working across government. Each department will be responsible for collecting the data necessary to measure its progress towards targets. When compared with whole-of-government agreements, the targets are more likely to act as an incentive for departments to shift from funding arrangements centred along program lines to joint or shared departmental funding arrangements.

The Hybrid Characteristics: Funding and Targets

The whole-of-government agreements and the targets represent a concerted effort to drive networked approaches to funding across the vertically organised portfolios and programs. The funding model characteristics that emerge are centred on clear accountabilities for outcomes:

- Senior commitment and leadership to drive whole-of-government planning processes and monitor outcomes, as evidenced by the SC&MC mandate.
- A focus on outcomes as a means of shaping departmental priorities and investment decisions, as evidenced by the introduction of the targets.
- Clear accountabilities at the departmental level for achieving outcomes.

Whilst the whole-of-government commitments are acknowledged for their achievements in forging networked arrangements, the current Neighbourhood Renewal government funding arrangements are weighted more toward departmental and program priorities than the needs of local areas. The funding is tightly configured around the traditional bureaucratic model of vertically organised departments and programs as opposed to local area needs. There are opportunities to develop the existing funding arrangements with consideration of networked principles. This could include the design and implementation of:

- ***Strengthening of funding commitments:*** Introduction of more rigorous monitoring of investment decisions and outcomes with a clearer role for the Department of Treasury and Finance. With the eventual phasing out of whole of government agreements, the mainstreaming strategy should be supported by the introduction of shared outcome targets to drive joined up funding mechanisms.
- ***Restructure of funding arrangements:*** Consideration of pooled funding arrangements where each department transfers funds into a shared pool for use by the initiative, with the partnership responsible for deciding on allocation, and the introduction of funding arrangements that allocate funds to the area rather than to a program or service type. The funds can then be used to purchase services required by the particular area (SSA 2007b).

- ***Open process to support investment planning and commitments:*** Provide processes to support Neighbourhood Renewal areas input in to the investment decision-making cycle. This should include consideration of how local government can link to the whole-of-government planning and investment cycles.

The introduction of these processes and mechanisms to drive a more networked approach to funding of Neighbourhood Renewal is not a simple task. The funding arrangements are the most intractable aspect of the traditional bureaucratic model by virtue of the authority and power they vest in decision-makers accountable for the delivery of government programs.

The establishment of the targets is a concerted effort to introduce cross-program and cross-departmental accountabilities at the executive level of government. To be effective, these cross-program and cross-departmental accountabilities will need to be driven down through the organisational structures of departments impacting on the investment decisions of both senior and middle management.

Culture and Skills

The Victorian Neighbourhood Renewal projects demonstrate the significance of cultural change and skill development across a range of groups including state and local government, community organisations and residents.

Place Manager translating local needs in to service requirements

The Neighbourhood Renewal Place Manager is responsible for achieving outcomes for a specified neighbourhood as opposed to managing a specific government program or service (DHS 2007a). The Place Manager provides a pivotal role in connecting local requirements with service delivery responses. It requires an understanding of local needs combined with an ability to navigate and influence a range of potential service delivery responses from government departments and other partners.

The Place Manager needs to be able to engage residents in the identification of local needs and priorities and the co-development of solutions. This depends on the Place Managers understanding of the community and ability to engage local community members in a trusting relationship. As evidenced by the following observation, cultural change within government was pivotal to the success of Wendouree West:

‘...it was the investment in relationships and trust that levered community action and enhanced the achievement of ‘hard’ core business outcomes. Agencies can foster relationships by supporting field staff, instilling a culture of community partnership and by maintaining continuity of contact’ (Vinson 2004: 22).

An important dimension of Neighbourhood Renewal is the establishment of partnerships with not-for-profit organisations, businesses and local governments that are pivotal to support both the identification of local community priorities and the ability to link them to policy development and resource allocation processes. The Place Manager brings together the collective efforts of residents, community and commercial organisations, and state and local government departments to respond to these needs.

In navigating and negotiating government, the Place Manager needs an understanding of the Neighbourhood Renewal objectives, the broader government structures and service delivery arrangements, and the extent to which these can be influenced. One Place Manager describes the approach for navigating and negotiating the structures of government like this:

'...our team will work behind the scenes to state or local government to think a bit differently about how they might relate to a community or support it, or in terms of how they might go about funding things. For example, do we need to change the policy up to make a bit of a difference in the community' (Neighbourhood Renewal Place Manager 2008).

The effective Place Manager is able to work across the different levels and facilitate a process by which influencers and decision-makers within government can think differently about how they relate to the community.

Developing resident skills and a partnership culture

Local residents participate in Neighbourhood Renewal through representation on the governance structure, delivering a specific initiative or project or assisting with a community event. The Neighbourhood Renewal Success Factors report states that capacity building should be central to resident participation in Neighbourhood Renewal. It recommends early and regular training including leadership and partnership development programs to practical training in meeting procedures and presentations (DHS 2007a).

The success of the Wendouree West Neighbourhood Renewal was attributed, in part, to cultural change and skill development across all of the partnership entities. In the early stages of the project the Place Manager and the residents group identified the need for activities to build the skills and knowledge of local people. Learning and skill development focussed on 'physical' skills as well as leadership, communication and assertiveness and involved what local people called 'gentle mentoring'. As a local resident explained:

'When I was getting angry about poor services Keiran [Government worker] would say 'say it like this'. He wasn't saying 'don't say it' but rather helping me to get me point across in a better way. I really appreciated that' (Vinson 2004: 21).

It is important for the Place Manager to take an approach where they can work with the community to look at what the issues are, and bring these together with the range of responses from State Government, local government, local businesses and organisations.

The Hybrid Characteristics: Culture and Skills

The effective Place Manager is able to balance the tensions between the bureaucratic model and the network model. A Place Manager needs skills, experience and knowledge to simultaneously connect with the community and navigate the requirements of the bureaucracy. The characteristics that define this hybrid role are:

- Providing place based participants outside of government with the skills and understanding to identify their local service delivery needs
- Translating those needs in to facilitate the development of practical solutions that are based on the collective efforts of service providers including state and local government, commercial and not-for-profit organisations
- Navigating and negotiating the structures and processes of traditional bureaucratic government departments and programs to facilitate the development of solutions which draw together government services in a manner that makes them more responsive to local needs

- Tolerating mistakes and managing risks to a level that is acceptable to local residents, state and local government and other service providers.

The Place Manager role has a unique role in the structure of government. It is the one role within the Neighbourhood Renewal framework that has responsibility for balancing the tensions between two very different ways of operating.

Moving forward with Neighbourhood Renewal

The approach to mainstreaming is based on embedding the key features of NR in to the core processes of state and local governments. The critical mechanisms that will need to be in place to ensure that this is achieved are:

- Formalisation of local action plans in Neighbourhood Agreements
- The establishment of local governments as the leader of long-term place management
- Reporting and monitoring of local area performance against State Government targets the implementation of corrective actions when targets are not achieved
- An ongoing brokering role for the Department of Planning and Community Development (DPCD) to facilitate investment and partnerships across government.

Most importantly, the implementation of sustainable place management will depend on the ability of State Government departments and local governments to understand and execute their responsibilities.

Local government as the long-term place manager

The Mainstreaming Strategy identifies local government as the long-term place manager. Effective implementation of this role will depend on the ability to integrate neighbourhood priorities in to local government planning processes. It will also depend on establishing, or utilising existing, participative decision-making arrangements such as a neighbourhood house or community hubs to inform local government planning processes.

An important consideration in implementing local government as the long-term place manager is the current diversity of local government roles, capabilities and organisational capacities. A recent local government report identified a range of variables that impact on local government abilities including varied funding arrangements, expenditure priorities and patterns and divergent balances between road and resident population (DPCD 2008).

There are State Government investments targeted to improve local government accountability and performance (DPCD 2008). There are also the Federal Government stimulus package investments in local government. These investments will contribute, in the longer term, to the development of a more consistent platform from which local governments can conduct themselves as Place Managers. In the short to medium term however, the capability and capacity variances across local government will continue to have an impact on the extent to which some local governments are able to take on a long term place management roles.

The Neighbourhood Agreement Plans provides one important mechanism to determine the appropriate place management role for local government in a specific area, and could also be used to identify the extent to which State Government departments and programs may need to supplement that role. Formalising Neighbourhood Renewal Action Plans as Neighbourhood Agreements that identify the commitments of all partners in response to local needs will form an important part of sustaining place management (DHS 2007b). To be effective, the

Neighbourhood Agreements will need to link not just local government, but also State Government departments to the investment priorities for specific Neighbourhood Renewal areas.

DPCD as the broker of government investment and joined up approaches

The ongoing role of the State Government as the broker of whole-of-government investments and partnerships will be critical to the sustainability of place management (DHS 2007b). It is envisaged that the Department of Planning and Community Development (DPCD) will have a key role in linking State Government efforts to partners at the local level including local government, not-for-profit and commercial organisations.

Mainstreaming of NR will require a clear delineation between State and local government responsibilities for policy, resources and funding of local community plans. There will also need to be a clearer definition and understanding of the brokerage role that is expected of DPCD. This may need to be supported by additional or new structures and roles that play a pivotal role in linking State Government efforts at the local level.

From a funding perspective, the implementation of whole-of-government targets will also be essential to ensure that all Victorian government departments and agencies are executing their place management responsibilities.

Implementing networked ways of working across government departments and programs

Whilst there are challenges ahead, the first eight years of NR demonstrate that the traditional bureaucratic model and network model can coexist. Government departments wanting to implement networked approaches within the traditional bureaucratic model of government should consider the following hybrid characteristics:

- **Structure:** No single organisation structure can provide the answer. A number of distinct organisational structures are needed to balance the tensions between the traditional bureaucratic model and the network model.
- **Funding and Targets:** The most appropriate funding arrangements will not be derived from incremental changes to existing planning and investment processes, but from instituting shared accountabilities for outcomes which cut across departmental and program boundaries.
- **Culture and Skills:** The design and implementation of roles (akin to the Place Manager), at various levels of state and local government, is the most critical aspect of the solution.

The bureaucratic model of government remains the foundational element of most public administrations. As Weber claimed:

Once fully developed, bureaucracy is among those social structures which are the hardest to destroy...Where administration has been completely bureaucratised, the resulting system of domination is practically indestructible (Olsen 2005: 12)

Despite this, the emergence of government initiatives that embrace the principles of the network model have undoubtedly created changes for the way in which government operates. The overlap between the two models will continue to create tensions for the way in which structures are defined and managed, funds are allocated and targets achieved, and for the underpinning cultures and skills. The development of the optimal model of operation will be iterative as the traditional bureaucratic model of government continues to be refined and networked ways of working become more established.

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