

Enabling social innovation assemblages: Strengthening public sector involvement

by
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Statement of authentication

The work presented in this thesis is, to the best of my knowledge and belief, original except as acknowledged in the text. I hereby declare that I have not submitted this material, either in full or in part, for a degree at this or any other institution.

.....
Joanne McNeill

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Abbreviations

APIC	Aboriginal Participation in Construction Policy (Australia)
BIOEF	Basque Country Foundation for Health Innovation and Research
CAD	Canadian Dollars
CEC	Community Economies Collective
CEiS	Community Enterprise in Scotland
CEO	Chief Executive Officer
CERN	Community Economies Research Network
CSI	Center for Social Innovation
DEF	Diverse Economies Framework
DESIS	Design for Social Innovation Towards Sustainability
DMTSP	<i>Developing Markets for Third Sector Providers</i> program (Scotland)
DWSE	Department for Work & the Social Economy (Belgium)
EDDC	East Dunbartonshire Dementia Clinics
EFQM	European Foundation for Quality Management
EMES	International Research Network on the Social Economy
GDP	Gross Domestic Product
HACSB	Housing Authority of the City of Santa Barbara (US)
HPD	Department for Housing Preservation & Development (New York)
ITN	Independent Transportation Network
KOMOSIE	Federation of Environmental Entrepreneurs in the Social Economy (Belgium)
NEF	New Economics Foundation (UK)
NESTA	National Endowment for Science, Technology & the Arts (UK)
NPG	New public governance
NPM	New public management
NSW	New South Wales (State of Australia)
OVAM	Regional Waste Agency (Belgium)
PCC	Parramatta City Council (Australia)
RRSP	Registered Retirement Savings Plan (Canada)
SAIATU	<i>Hospice at Home</i> program (Spain)
SENScot	Social Enterprise Network Scotland
SME	Small-medium enterprise
TEPSIE	Theoretical, Empirical & Policy Foundations for Social Innovation in Europe research project
UK	United Kingdom
US	United States of America
WEEE	Waste Electrical & Electronic Equipment

ABSTRACT

Public sector interest in social innovation is growing rapidly around the world. The surge in activity has emerged, at least in part, in response to pressing social, environmental and economic issues and the increased recognition that many of these complex, inter-related ‘wicked’ and ‘squishy’ problems’ are unresponsive to traditional policy ‘levers’. However, it is only in recent years that substantial empirical research exploring public sector roles in enabling social innovation has emerged. This thesis contributes to this literature, taking a purposefully open and non-critical stance to allow for a broad exploration and in an attempt to think differently about possibilities.

The epistemological framing of the study contributes to the Community Economies research tradition. I draw on several of its methods and tools, including using ‘reading for difference’ techniques to explore ‘weak theory’ propositions related to my three broad research questions. I develop and apply an experimental configuration of conceptual frameworks to uncover a multitude of ‘little narratives’ about public sector roles in enabling social innovation. The configuration includes the Diverse Economies Framework, which is used to inventory the agents and processes involved in what I identify through the research as ‘social innovation assemblages’. To draw out key decision-making and negotiation points between the entities involved a second framework combines three perspectives: adaptive lifecycle concepts; domains of social change activity; and a contextual specificity approach to growing and diffusing social value. These frameworks provide language tools which contribute to strengthening the efforts of those interested in enabling social innovation assemblages through public sector policymaking.

Given the practical orientation and exploratory nature of the study, a case study approach was chosen as the overarching method for the study. The empirical research was undertaken iteratively, in two stages. The first stage involved the development of 21 snapshot case studies of social innovation assemblages based in Europe, the UK, Canada, and the United States. These case studies were

analysed using selected language tools to reveal the different roles that the public sector can play in enabling social innovation assemblages. The findings of this stage were used as inputs to the second stage, which comprised an engaged research activity with 21 participants from two 'user groups'. This engaged research activity was designed to build capacity around engaging with social innovation concepts, and to 'reality test' the language tools with participants.

In the final thesis, 13 case studies that draw out each element of the two conceptual frameworks are presented. Through this analysis, and drawing on the input of the 'user groups', in the third stage, a specific domain of policymaking, namely social procurement, was selected for closer analysis. With reference to four in-depth case studies, I explore how social innovation assemblages are being enabled through public sector social procurement programs.

In a key theoretical contribution, I combine the community economies framing of the study with the emerging literature on new public governance (NPG) frameworks. Through this unique combination of perspectives I show how tensions between participatory approaches to policymaking and the hierarchical decision-making structures and risk-averse cultures prevalent in the public sector can be navigated in ways that improve social relations whilst also improving accountability and transparency.

Drawing together insights arising out of the research activities across the three stages, I identify nascent openings that point towards a new ethos in public sector policymaking. These openings include perspectives and language designed to 'push back' against prescriptive policymaking and offer a counter to 'fast policy' approaches to enabling and diffusing social innovation. The resulting ethos positions public sector actors as more than 'just part of the problem'. Through the study I show that public sector actors can play dynamic and unique roles in decentring the prevailing discourse of intractable 'wicked problems' and performing a new kind of economy.

INTRODUCTION

There are strong arguments for learning from ‘policies that work’, and for focusing policymaking efforts on replicating these wherever and however possible (Peck & Theodore 2015). In this vein, public sector interest in social innovation is growing rapidly around the world, transcending national borders and political divisions (Sinclair & Baglioni 2014, p.469; Boelman, Kwan, Lauritzen, Millard & Schon 2014). This surge in activity has emerged, at least in part, in response to pressing social, environmental and economic issues and the increasing recognition that many of these complex, inter-related ‘wicked problems’ are unresponsive to traditional policy ‘levers’.

In a world of shrinking public sector budgets, the growing policy interest in social innovation is strongly driven by its perceived potential to generate social change, and social change on a scale commensurate with the public problems we face. However, there is as yet little direct evidence to support this perception. Conceiving of social innovation as a driver of ‘positive’ social change also raises a range of challenging questions around assumed trajectories, what constitutes the public interest and social value, who gets to decide, and whose interests the myriad of choices involved serve.

I suggest that these questions can be productively approached through a better understanding of public sector involvement in the ‘improving social relations’ dimension of social innovation activity. To develop this understanding, I suggest that we need to identify and draw out the diversity of agents and processes involved and the often ‘messy’ relationships between them, including where the public sector does and could most usefully enable the mix. Through refining the language tools we have available to inventory the ‘who and what’, it becomes possible to gain a more textured understanding of social innovation activity. The multitude of decision-making points around public sector involvement can then be more clearly identified.

This thesis contributes to addressing the limited empirical engagement with public sector involvement in improving social relations through enabling social innovation activity. Drawing on a case study pool of 21 activities occurring in Europe, the UK, Canada, and the United States I examine different aspects of these - what I will call - 'social innovation assemblages'. To do so, I develop an experimental configuration of language tools to think differently about the dynamics involved, and so to prompt an anti-essentialist perspective that helps to shift the often prescriptive conceptualisations of social innovation activity that are prevalent in public policy contexts. I report on how the usefulness of these tools were tested with two 'user groups' within the study, and their input drawn on in refining the approach.

Using the tools, I explore how social innovation is positioned within policymaking discourses. One of the key issues identified as hindering the uptake of strategies and programs that enable social innovation activity is a dissonance between their participatory, relationship-based ethos and the hierarchical decision-making structures and risk-averse cultures that are prevalent in the public sector. Acknowledging public sector policymaking as a site of overdetermination provides openings for moving beyond a simplistic consideration of how these tensions interact, by acknowledging its inherently 'complexly contradictory' nature (Resnick & Wolff 2006, pp.71-72),

Through four in-depth case studies, I show how it is possible to improve transparency and accountability while also displacing the public sector from the 'driver's seat' of decision-making around how complex public problems are understood and tackled. Approaching this through the NPG literature, I demonstrate that the context-specific combinations of technical and relational styles that characterise NPG offer openings for rethinking how these tensions may be considered and worked within.

To date community economies research has not engaged strongly with public sector policymaking, as the focus has been more explicitly directed towards grass-roots-style approaches to generating social change. I identify those studies

that do consider public sector policymaking and suggest the need for further theorising in this area. I draw on the NPG literature to begin this task. My contribution is to shift the perception that public sector actors are 'just part of the problem'. This intentionally a-political stance may be problematic for some, and there have been instances where other Community Economies scholars have received critical responses for this type of positioning in the past (St Martin, Roelvink & Gibson-Graham 2015, p.9). In keeping with the broader community economies ethos, I suggest that my a-political orientation to this thesis should be read as simply a vehicle for promoting an inclusive and progressive trajectory of social change.

This study also makes a small contribution to decentring the prevailing discourse of intractable 'wicked problems' by highlighting that inroads *are* being made, through approaches that are grounded in contextual specificity and that prioritise improving social relations over short-term 'wins'. By bringing attention to the diverse agents, processes and governance relationships involved in a range of social innovation activities, openings for new approaches to policymaking can be created from *within* existing frameworks. Rather than waiting for 'the revolution', we can begin where we are (Gibson-Graham 1993).

Reflection

Professional experience is considered a useful perspective in undertaking research, particularly research that has a pragmatic orientation connected to a field of practice (Corbin & Strauss 2008, pp.21-23). My initial interest in engaging in this thesis process has grown out of almost 20 years' of professional experience that has been broadly focused around socio-economic policy, cross-sector collaboration and enterprise development. The most recent aspect has been through a dedicated social enterprise and social entrepreneur capacity building program that I established at Parramatta City Council (PCC) in Sydney, Australia beginning in 2007. At that stage, there were no other similar programs in

Australia, and as I felt my way into a program design I discovered there was also very little comparable globally.

In 2009, I was fortunate to be awarded a Churchill Fellowship,¹ and through this to undertake a study tour to the United States, Canada and the UK exploring ways in which the public sector could contribute to the development and sustainability of social enterprises (McNeill 2009). While in my role at PCC I also co-authored a book of case studies on social enterprises from around Australia (Kernot & McNeill 2011). Both these projects informed the ongoing evolution of the program at Parramatta and eventually it settled into six strands of activity, with much learnt along the way. The primary elements of the program included: providing capacity building support for social entrepreneurs and social enterprises through training and mentoring; establishing a social enterprise grant funding program; having a sustainable procurement policy adopted by Council (including socio-economic elements) to open up market opportunities; working with relevant internal teams to identify assets and spaces that could be used to help social enterprises establish and grow; establishing a Pro-bono Legal Panel for assistance with establishing appropriate organisational structures and other legal advice; and purposefully networking non-traditional mixes of people and organisations to encourage hybrid collaborations.

Many years later, having iteratively pieced the program together, it was heartening to find that these six strands form the core of the roles that the TEPSIE research project (Theoretical, Empirical & Policy Foundations for Social Innovation in Europe) identified for public sector agents interested in facilitating social innovation (Boelman et al. 2014).² Other initiatives I contributed to

¹ "The aim of the Trust is to provide an opportunity for Australians to travel overseas to conduct research in their chosen field that is not readily available in Australia. It also aims to reward proven achievement of talented and deserving Australians with further opportunity in their pursuit of excellence for the enrichment of Australian society." (Winston Churchill Memorial Trust n.d.)

² TEPSIE was active between 2012-2014 and was carried out by a consortium of six partners. Together, the consortium undertook research designed to prepare the way for developing tools, methods and policies that would become part of the EU strategy for social innovation. Its purpose was to strengthen the foundations for other researchers, policy-makers and practitioners to help develop the field of social innovation (TEPSIE n.d. b).

through my role at PCC, such as participation in research projects and other sector development activities,³ are also reflected in the TEPSIE mix of 'effective roles'.

During this time, I also co-founded two collaborative initiatives: Social Enterprises Sydney - an intermediary-type organisation in Sydney, that aimed to fill a gap in the support available to social enterprises and which drew on a complex assemblage of resources and people; and the NSW Social Procurement Action Group – an unincorporated group of 15 public sector entities working together to promote social procurement, including production of a Guide targeted towards NSW public sector entities (Newman & Burkett 2012). Previously, as a consultant, I worked with state and national government agencies on community consultation around major infrastructure development projects. In an earlier role, I was part of an Australian Government initiative charged with building awareness and capacity around community business partnerships across the country.⁴

Beyond my public sector experience, my research interests have also been shaped by involvement in community-related projects. In my mid-20s I lived in Guatemala, Central America, where I worked for two social businesses that connected Indigenous textile-goods producers with markets in other countries. Growing up, my parents were involved in a group that successfully lobbied the local Council for a long-term-nominal-fee lease over a piece of Crown Land to establish the Kuranda Amphitheatre.⁵ This project left a strong impression about

³ For published outputs relating to various of these activities see: Burkett 2010b; Burkett 2010c; McNeill & Burkett 2013; Barraket, Furneaux & McNeill 2013; Social Value UK 2013. Other contributions included being a member of Social Enterprise Finance Australia's (SEFA) Credit Committee, helping to shape the conditions for loans to social enterprises and making recommendations to the Board about loan finance applications; and participating in a number of Australian Government round-table consultations, that were drawn on to shape some of the key national-level initiatives occurring at the time.

⁴ The Prime Minister's Community Business Partnership has been reconvened in recent years, and information on its current focus and activities can be accessed here: <http://www.communitybusinesspartnership.gov.au/>

⁵ The Kuranda Amphitheatre is 27 kms north-west of Cairns, Australia and comprises 1.62 hectares of land. It is a sculptured botanical site situated amidst rainforest, adjacent to World Heritage areas of Barron Falls National Park. A community venture, which has been created, built and managed by the people of Kuranda since 1980, it is managed by the Kuranda Amphitheatre Society Incorporated. All revenues from activities and membership fees are directed towards maintaining and upgrading facilities, and to fostering

how significant and long-lasting socio-economic outcomes can be generated by communities that organise to influence public sector decision-making.

Since I resigned from my role at PCC, while I have been working on my thesis, I have also been involved with a number of projects that relate to the themes explored here. These were: working with Social Procurement Australasia as an Advisor, including authoring a short case study-based publication;⁶ contributing to a small research project and co-authoring a discussion paper on gaps in professional legal services for social enterprises in Australia;⁷ contributing to a small research project and co-authoring a guide on demonstrating social value in social procurement contracts;⁸ and acting as an Advisor for the G21 Regional Opportunities for Work (GROW) Regional Procurement Economic Modelling Project.⁹

Whilst none of these roles or activities are directly drawn on in this doctoral thesis, they have contributed to shaping my research interests and provided valuable insights into public sector practices and some of the challenges of policymaking in the public sector.

At the outset, I had envisaged a place-related focus to this study as I was anticipating using local and regional development as the specific policymaking domain I would explore in detail. This seemed a logical starting point, as my most recent experience had been in a Local Authority context. I began the thesis research process with an interest in alternatives to dominant ‘market-economic’ development policy frameworks (MacCallum, Moulaert, Hillier, & Vicari Haddock

community development through the Arts. (Kuranda Amphitheatre n.d.). It is reported to be one of the longest-running community managed venues in Australia, at its peak generating around \$3 million in revenue for the region annually (including as a tourism destination) and involving over 360 local volunteers. The world re-known Tjapukai Dance Theatre was also incubated there, and it is now one of the largest regional Indigenous employers in Australia operating as the Tjapukai Cultural Park (see: www.tjapukai.com.au).

⁶ For more information see: Social Procurement Australasia n.d. For a copy of the publication see: McNeill 2015

⁷ For a copy of the Discussion Paper, see: Morgan, McNeill & Blomfeld 2016

⁸ The publication generated through this project is forthcoming, see: Burkett & McNeill 2017.

⁹ For a copy of the project report, see: ArcBlue 2016

2009); the capacities of local actors and assemblages to drive adaptation to globally disruptive change (Pike, Rodriguez-Pose & Tomaney 2007; Pike, Rodriguez-Pose & Tomaney 2011); the role of communities and individuals in transforming unsustainable forms of development (Mehmood & Parra 2013); and economic development frameworks that go beyond promoting competitive advantage as the primary concern (Bristow 2005; Bristow 2011). However, as the research process unfolded what emerged as the main focus was the policymaking domain of procurement, and forms of social procurement in particular. This focus intersected with my professional interests in working with existing institutional structures and processes, and with some of the specific projects I have both led and participated in over the years.

As a result of this more specific focus on procurement, the place-based aspects of the research have not been as developed as initially intended. I had anticipated that *where* the broad range of social innovation activities drawn on are located would play a more prominent role in shaping the final thesis. However, in the final iteration of the study, this aspect became fairly peripheral. Despite this, the centrality of context – and particularly all the unique factors that derive from a specific location and its unique mix of actors - is absolutely central to the arguments I make about what is needed in policymaking to enable genuinely transformative social innovation assemblages.

There is much potential for the public sector to play a more active role, and the scope for this sits across a broad range of policymaking domains. It is my view that many of the barriers that people inside governments face in acting on this potential stem from: opacity around what actually constitutes social innovation; limited access to tools that can be integrated with existing systems and processes; and a need for a language robust enough to counter dominant discourses. These professional observations have contributed to shaping the research questions explored here.

Outline of the thesis

In the first Chapter I outline some key social innovation concepts and provide a discussion of some of the challenges that policymakers interested in enabling social innovation activity are navigating, along with an outline of the public policy discourses that this work sits within. Through this discussion, the research questions emerge and are contextualised.

Chapter Two outlines the research process, presenting the conceptual framework and how the study was approached. This includes developing an experimental configuration of language tools designed to draw out: the diverse agents and processes involved in social innovation activity; the decision-making and negotiation points that open up opportunities for enabling; and the roles that the public sector can play in this. The research method also includes 'reality testing' these language tools with two 'user groups' in an engaged research activity.

In Chapter Three, the language tools are applied to a series of snapshot case studies based on the research data. The input of the two 'user groups' on the usefulness of these tools is discussed. The snapshot case studies and 'user groups' input is also drawn on to select a particular domain of policymaking, to allow for closer analysis in the third stage of the study. The domain identified is public sector procurement and this is introduced in Chapter Four, with an overview of key concepts, trajectories and challenges.

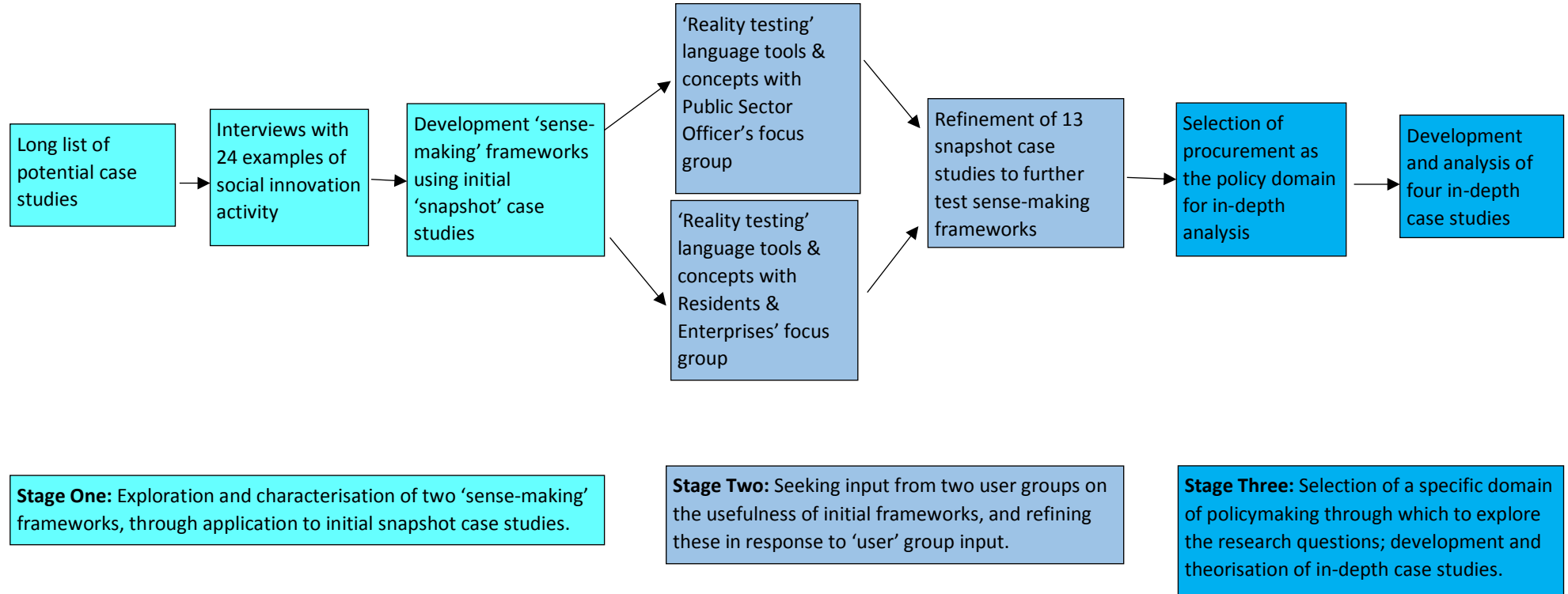
Chapters Five to Eight present in-depth case studies of four social innovation activities that involve public sector procurement. A 'reading for difference' approach is applied to develop 'thick descriptions' that draw together community economies and NPG concepts. Each case is discussed in relation to: the diverse assemblages involved and the governance relationships with the public sector through which enabling support has been developed.

Chapter Nine outlines some implications for policymaking, drawing on all three stages of research activity. Through this discussion I propose a new ethos that

prioritises improving social relations, and identify openings for shifting the positioning of public sector policymakers as 'just part of the problem'. Finally, I conclude with some overall observations and a short discussion around potential directions for further research.

Figure 1 outlines the key research activities undertaken; the relationship between them; and how the combination of activities builds the framework for the overall analysis.

Figure 1: Research activities flow chart



CHAPTER ONE: Social innovation and public policy – Concepts and challenges

Policy interest in social innovation is growing rapidly around the world, transcending national borders and political divisions (Sinclair & Baglioni 2014, p.469). High profile policy-related developments in recent times include: the establishment of the US Whitehouse's Office for Social Innovation and Civic Participation; the creation of a National Secretariat for Solidarity Economy in Brazil; the introduction of the European Commission's *Social Innovation Europe* initiative; and featuring strongly in the UK's *Big Society* agenda (Moulaert, MacCallum, Mehmood & Hamdouch 2013, p.1; Borzaga & Bodini 2014, p.412; BEPA 2014; Brandsen, Evers, Cattacin & Zimmer 2016, p.5). In Australia, the Commonwealth Government established a Social Innovation Team in 2010, within its (then) Department of Education, Employment & Workplace Relations, with a focus primarily on impact investment.

The growing interest in relationships between social innovation and the public sector is also evident in the establishment of numerous social labs and public innovation teams, within and outside government (Puttick, Baeck & Colligan 2014; Tiesinga & Berkhout, 2014; Sorensen & Torfing 2015), and in the rapidly growing social design field more generally. There are a number of key organisations involved in fostering and facilitating aspects of this work - for example: NESTA's Public Services Lab in the UK, the Helsinki Design Lab, The Australian Centre for Social Innovation, Social Innovation Lab Kent (UK), Social Innovation Generation in Canada, and La 27e Region in France. Public sector programs and initiatives like these both draw on and support a wide range of practice-based social innovation activity that is also being generated across all sectors and "in fields as diverse as fair trade, distance learning, hospices, urban farming, waste reduction and restorative justice" (Murray, Caulier-Grice & Mulgan 2010).

This surge in activity has emerged in response to pressing social, environmental and economic issues and the increasing recognition that many of these are

complex and inter-related. These ‘compelling social challenges’ include “the ‘failure’ of the modern welfare state, the failure of conventional market capitalism, resource scarcity and climate change, an ageing population and the associated care and health costs, the impact of globalisation, the impact of mass urbanisation and so on” (The Young Foundation 2012, p.5).

These crises have been brought into sharp relief during the period following the global financial crisis and through the resulting widespread economic downturn, but they have arguably been ‘brewing’ for much longer. In Westernised democracies those related to social issues, for example, have some genesis in the public sector reforms that saw mass privatisation of public services in the last decades of the 20th century (Borzaga & Bodini 2014, p.411; MacCallum et al. 2009, p.1).

In policy circles, these types of complex issues are labelled ‘wicked’ problems as they cut across many different issues, require inter-departmental and organisational cooperation (Australian Public Service Commission 2007), and have “multiple, non-linear and interconnected causes that feed off one another in unpredictable ways” (Muir & Parker 2014, p.5). They are also sometimes referred to as ‘squishy’ as they impact the interests of many stakeholders, can be viewed differently from various political perspectives, and influencing their trajectories often requires changes in human behaviour (Durose & Richardson 2016; Head & Alford 2015). However

“the trouble with the word wicked is that it makes us think that complex situations are somehow deviations from a non-wicked norm, that they are somehow temporary aberrations . . . Complexity is the norm for us - not an anomaly - and there is no returning to a simpler ‘non-wicked’ time” (Hassan 2014, p.21).

Whilst the scale of the problems is evident and the inadequacy of current approaches widely agreed (Murray 2009; Bason 2014b), the adoption of language like ‘wicked’ reinforces the hegemonic discourse, through positioning complex public issues as anomalies in an otherwise effective system. This then

exerts tremendous influence over what courses of action might be considered possible.

How complex public issues are responded to by policymakers is strongly influenced by the discourses that prevail in the public sector at the time. Conventional approaches are now being recognised as insufficient and lacking the creativity required (Durose & Richardson 2016), including by policymakers themselves. Instrumentalist methods and processes attempt to force “a rational problem-solving system of problem definition, administration and resolution” (Christiansen & Bunt 2014, p.41), and there is a significant disconnect between the sense of order and coherence these approaches convey and the realities of policymaking in a complex world (Hassan 2014; Bason 2014, p.1). Developing and implementing policy responses to complex public issues must involve a diverse range of agents, processes, concepts and technologies and the interaction and constant contestation between these means that, in reality, policymaking is far from a rational or linear process (Bason 2014a, p.1).

The following sections first outline how the concept of social innovation and the domain of policymaking are positioned within this thesis, and then identify key challenges that are evident when these two are brought together. The broad research questions that motivate the study are established through this discussion.

1.1 Social innovation

Social innovation combines all the vagaries of innovation processes with the messy nature of social needs and social value. Compounding the opacity, social innovation is evident across all sectors and often involves unique combinations of agents. In some cases, this includes arrangements that intentionally ‘blur boundaries’ between the traditional public, commercial and social sectors in ways that encourage collaboration and generate hybrid activity that works across

traditional spheres of activity (Nicholls & Murdock 2012; Murray, Caulier-Grice & Mulgan et al. 2010). Social innovation also often evolves around some form of reconfiguring – such as combining existing features or processes in new or distinctive ways, or applying them to a different issue - and so is not necessarily concerned with the entirely ‘novel’, but with improvements that have a ‘practical impact’ through implementation and diffusion (Sinclair & Baglioni 2014, p.471).

To date, social innovation remains a field where the ‘wisdom of practice’ is more advanced than theory, where community entrepreneurs are driving ‘bottom-up development’ through localised ‘state-of-the-art knowledge’ (Sinclair & Baglioni 2014, p.472). Whilst some elasticity is considered useful in this type of emergent context (The Young Foundation, 2012), the need for some consistency in theoretical foundations is recognised (Mulgan 2012, p.33) and is slowly being addressed as research interest grows and as the outputs from a number of recent studies, many funded by the European Union, are beginning to emerge. Examples of some of these research projects include: Social Innovation: Driving Force for Social Change (SIDRIVE); Transformative Social Innovation Theory project (TRANSIT); Creating Economic Space for Social Innovation (CRESSI); The Theoretical, Empirical and Policy Foundations for Building Social Innovation in Europe (TEPSIE). For more information, see: (see TEPSIE n.d. a; TEPSIE n.d. b; TEPSIE n.d. c; TEPSIE 2014; Boelman et al. 2014).

As part of the broad-scale TEPSIE research program, 14 prominent definitions were reviewed (2014, pp.40-42) and this convergence was confirmed in the subsequent adoption of a definition for the program: “We define social innovations as new approaches to addressing social needs. They are social in their means and in their ends. They engage and mobilise the beneficiaries and help to transform social relations by improving beneficiaries’ access to power and resources.” (2014, p.14).

As this definition demonstrates, ongoing research in the field has resulted in increasing convergence in the literature, that in practice social innovation has two key and inter-related dimensions. In short, social innovation can be

described as **innovations that are social both in their means and in their ends** (TEPSIE 2014; Moulaert, MaCallum, Mehmood & Hamdouch 2013; Nicholls & Murdock 2012; Mulgan 2012; MacCallum et al. 2009; Sorensen & Torfing 2015).

It is the integration of these two dimensions that distinguishes social innovation from other forms of innovation, and particularly from purely commercial or technological innovations – i.e. it is through the inseparability of ‘means and ends’ that the unique characteristic of social innovation is identifiable. Social innovation that is social ‘in both means and ends’ is innovation that is motivated to address social needs *through* collaborative and participatory approaches (‘co’ or with, rather than to and for) - that is, whilst addressing instances of social need it *also* integrates processes that creatively reconfigure social relations (Moulaert, MacCallum, Mehmood & Hamdouch 2013; MacCallum et al. 2009; Nicholls & Murdock 2012; Mulgan 2012).

For policymaking purposes, in particular, it is also important that social innovation be distinguishable amongst other types of social programs. However, activity “rang[ing] from the interventions of the third sector as a whole, to public policy initiatives, to the actions of for-profit organisations that have even a marginal social impact” (Borzaga & Bodini 2014, p.412; Pol & Ville 2009) have been included under the banner of social innovation. As a result, the term suffers from ‘concept-stretching’, particularly in policy settings, and greater specificity is required for it to afford ‘practical value’ (Sinclair & Baglioni 2014, p.470).

Despite the lack of clarity, notions of social innovation have been embraced by policymakers, practitioners and academics alike. In this regard, TEPSIE argues that it is a ‘quasi-concept’ - a hybrid that makes use of empirical analysis to deploy scientific methods, whilst retaining an ‘indeterminate’ quality that makes it adaptable to many contexts and flexible enough to ‘follow the twists and turns of policy’ (2014, p.10).¹³ It is this very flexibility that opens it up to criticisms of

¹³ They suggest examples of other quasi-concepts include ‘social capital’, ‘social cohesion’, ‘impact investment’ and ‘sustainable development’ (TEPSIE 2014, p.11).

being ‘just the latest buzz word’, but also that somehow allows it to ‘make sense’ across different domains.

As will be argued throughout this thesis, I suggest that focusing on the social relations dimension of social innovation will afford policymakers with greater clarity, and that *how* the public sector can enable social innovation is through the processes this entails.

1.1.1 Social value through social relations

The first dimension of social innovation is often referred to as the ‘outcomes’ dimension, as the focus of the ‘ends’ is on addressing social needs (MacCallum et al. 2009; Moulaert, MacCallum, Mehmood & Hamdouch 2013; Nicholls & Murdock 2012; Mulgan 2012). In much of the social innovation literature, the concept of social needs is closely linked with issues of social exclusion - that is, as a means to bring about “the inclusion of the marginalised into a range of areas, including education systems, labour markets, political institutions and sociocultural life” (Gibson-Graham & Roelvink 2009b, p.27).

In this thesis, I take a broader stance on the issue of social needs, beyond a focus on particular groups or populations, identifying ‘everyone’ as marginalised by a discourse that asserts the ‘unity, ubiquity, and inevitability’ of capitalism and its priorities (Gibson-Graham & Roelvink 2009b; Miller 2013). Defining the roles and potentialities of social innovation in relation to what is inside and what is outside – including what constitutes economic participation – allows a particular view of society to dominate the discourse. Social innovation is immediately limited to a focus on attending to those citizens and issues considered to have failed in finding a productive place within a discursively conceived system, and is also unwittingly (perhaps) enrolled in perpetuating that very system.

Within this frame, people seen as ‘non-economic’ citizens’ are identified as a cost being borne by ‘economic’ citizens. The focus becomes how to minimise the

‘social costs’ incurred, and on how to measure these savings in ways that make sense within the prevailing capitalocentric discourse. The pre-occupation with measurement that this generates, to my mind, limits advancements in thinking and practice around other important factors, including those explored in this thesis.

There is also growing concern that the trajectories established through use of narrow and commercially-oriented measures and indicators underpin the widening chasm of inequality evident around the globe, and that indeed many social needs issues can be attributed to these trends (see Stiglitz, Sen & Fitoussi 2009). Assigning this narrow role to social innovation – as solely concerned with addressing social needs caused by marginalisation - contributes to entrenching these much broader hegemonic issues by limiting its potential for affecting broader social change.

To locate social innovation within a broader scope, I adopt the language of ‘social value’ as the expression of social needs. This approach is evident in the literature, with social innovations seen to address social needs in ways that are more ‘efficient, sustainable, or just’ than existing or alternative options and where “the value created accrues primarily to society as a whole rather than private individuals” (Nicholls & Murdock 2012, p.5).

Here we see the conception of ‘addressing social needs’ extended to include an aspiration for the accrual of public value, for the collective benefit rather than individual gain. This language shifting is common around social innovation - and in the related fields of social enterprise and social entrepreneurship - where ‘public value’, ‘shared value’, ‘social value’ and more broadly ‘public interest’ are often used interchangeably (Barraket, Keast & Furneaux 2016, p.2). Clearly the specific language used has broader epistemological implications, however dwelling on this does not change their contested nature – all being subjective concepts (Young 2006; Barraket, Keast & Furneaux 2016, p.2), as they should be to guard against capture by particular interests.

As an example of the subjectivity inherent to notions of social value, when looked at from different perspectives social innovations that are initially thought (and intended) to bring about positive social change can sometimes be shown to also result in unintended negative consequences. Recent research looking at historical social innovations shows how the Intelligence Test, widely lauded in the 'scientific progressivism' context of the early 1900s, was subsequently used to identify 'feeble-minded' people for sterilisation procedures, and also for prejudicial profiling based on race and ethnicity (McGowan & Westley 2013). This example demonstrates that it is only possible to establish the 'goodness' of a social innovation in relation to its specific context, moreover it is also often only possible to establish this in retrospect (Evers & Ewert 2014 p.11; TEPSIE 2014, p.13). This reinforces the dynamic nature of social innovation - that it is a process rather than a stable state to be achieved, and that any perceived social value generated should always be considered in relation to the current context and from the perspectives of those involved.

In this vein, I suggest that social value can usefully be given some shape through focusing on contextual specificity – including, most importantly, through the involvement of those affected in determining its form and in how it may best be identified. Many social needs, particularly those that involve complex and inter-related issues, cannot be addressed in any sustainable way without facilitating the meaningful participation of those affected.

The second dimension of social innovation, 'improvements in social relations', provides the entry point for considering social value in this way. Within this, I ask readers to 'suspend disbelief' that in the prevailing economic climate it is impossible to think past dominant notions of best-value that equate social value with budgetary savings. For the purposes of this exercise (at least) I ask them to think of social value as being understood 'in a relational and dynamic sense', rather than in any essentialist sense of being a discoverable and stable fact (Howaldt, Butzin, Domanski & Kaletka 2014, p.20). I suggest that by approaching social value *through* social relations in this way, it becomes possible to develop a finer grain and more textured understanding of its attributes and processes. As

will be discussed in the following Chapter, I identify this as a critical step in reconstituting how public policymaking can enable social innovation activity.

However, to ensure efforts move beyond vague statements of intent and realise the 'practical impact' implicit in the concept of social innovation, discussed above, greater specificity as to what 'improvements in social relations' actually entail is needed. I suggest that locating the social value dimension *within* improvements in social relations provides the foundation for bringing a degree of substance to this - by indicating the form in which social value can potentially be recognised, rather than attributing evidence of creation to a particular item, activity, or entity. I propose two processes that can be used to identify *improvements* in social relations.

The first of these is **participatory governance**. In considering this as a process of improved social relations, the EMES International Research Network's¹⁴ approach offers a useful entry point as they identify the central place of participatory governance in 'paving the way for the empowerment of various groups of stakeholders' (Defourney & Nyssens 2013, p.50). Participatory governance is an integral component of the EMES network's social enterprise typology, and has more recently been integrated explicitly into the EMES definition of social innovation as it offers some specificity to the 'improvements in social relations' dimension (Moulaert, MacCallum, Mehmood & Hamdouch 2013, p.2).

However, what participatory governance actually looks like, beyond this broad aspiration, remains loosely conceived in this framing. The 'governance frameworks' component can be understood as made up of "... the formal and informal processes through which society and the economy are steered and problems are solved" (Sorensen & Torfing 2015, p.154). The 'participatory' component is more nuanced. From a policymaking perspective, this can usefully be approached through differentiating between cooperation, coordination and

¹⁴ For more information, see: EMES n.d.

collaboration - with participatory forms of governance involving all, but with an emphasis on 'high connection and high intensity' collaborative activities (Keast, Brown & Mandell 2007), Using this framing, participatory governance is positioned here as collaborative in nature – that is, involving sustained interaction through which social and political actors work to identify mutually acceptable ways to solve shared problems “that can only be reached through the transformation of materials, ideas and/or social relations” (Sorensen & Torfing 2015, p.154). Through participatory governance activities, “the actors may not only transform their shared objective in terms of a particular policy, service, process or organisational design [but may also] . . . change their roles and identities and the logic of appropriate action that guides their actions . . .” (Sorensen & Torfing 2015, p.154). Here again we see that being able to identify the agents and processes involved, and to understand how decision-making is negotiated amongst shared interests, is a critical first-step in enabling social innovation.

The second process I propose for identifying improvements in social relations is **capacity building**. 'Improving social relations' recognises that social innovation is implicitly engaged in experiment and creation around civic involvement, to support the development of existing capabilities and assets, and that it is underpinned by “a deep democratic belief in the virtue of empowering society to shape society . . . an enlightenment belief in the possibility of cumulative growth of knowledge and insight” (Mulgan 2012, p.37). Improving social relations is often described as the 'process' dimension of social innovation, as the aim is to “develop capacity and enhance capability by creating new collaborations and partnerships which strengthen social assets and relationships” (Sinclair & Baglioni 2014, p.471).

To facilitate the meaningful engagement of diverse actors in participatory governance capacity building is essential. As Mulgan notes, “the most successful societies . . . have high levels of capacity [and] . . . are able to do many things well”. What contributes to capacity includes 'human capital' - levels of qualification and skill; but also on social capital - 'the ability to do things together'; and on

organisational capital – ‘the accumulated capacities of firms and agencies, professions and non-government organisations’ (2009, p.74). Improving social relations involves building capacities across all these forms of ‘capital’. It can be undertaken through both formal and informal approaches, and also at different levels within communities and amongst organisations (MacCallum et al. 2009, p.1). Again, this is dependent on the specificity of knowledge about who and what is involved and how they interact.

Specifying these processes as characterising ‘improving social relations’ establishes a values base and trajectory for change. Naming participatory governance and capacity building as integral to achieving social value ‘ends’ provides a conceptual foundation that braces against the corralling of social innovation into a narrow arena. It also identifies a clear focus on those involved and the relationships between them as central concerns for policymakers interested in enabling social innovation activity, and it is these aspects that are the focus of the research questions in this study.

In the following section I outline some key public policy discourses that influence how policymakers engage with social innovation, before discussing issues and concerns for researchers that arise when these two domains are brought together.

1.2 The influence of public policy discourses

For the majority of ‘ordinary citizens’ in Westernised democracies, the focus of discussion and debate about ‘politics’, certainly in media commentary, relates to elections and elected representatives. However, the reality is that “the policies that governments produce are probably more significant for ordinary citizens than the effervescence of much political debate” (John 2012, p.1). On a daily basis, public sector agencies, departments and officers at all levels of jurisdiction are making decisions that influence the lives of citizens. These decisions are, in large

part, shaped by policies. Although there is no overall consensus on a definition, in effect public sector policies are the strategies that governments use to address 'public problems' (Bason 2014a, p.1).

At their best, public sector policies do more than just respond to these public problems, being guided by "the lens of stewardship or guardianship, where the priority is to leave behind a more useful set of assets than you inherit" (Mulgan 2009, p.24). In reality, these aspirational motivations are often in tension with the unique constraints the public sector is subject to - like the influences of public opinion and of 'big-P' political priorities. They are also subject to wide ranging interest pressures due to the unique tools it has available - like regulatory, legal and taxation based incentives and disincentives. Public policy therefore differs in both intent and form from policy developed in and by other sectors (Mulgan 2009, p.22).

Decisions about how to navigate these unique tensions and opportunities are determined by the discourse dominant within the relevant policymaking domain at the time (John 2012, p.126). Any attempt to think differently about how public sector roles could be constituted around enabling social innovation must firstly develop an appreciation of how these discourses shape governance relationships in policymaking. Governance is understood as the "formal and informal processes through which society and the economy are steered and problems are solved" (Sorensen & Torfing 2015, p.154), which involves a range of mechanisms and agents, both inside and outside the public sector (Klijn & Koppenjan 2000, p.136).

Over the course of the past century, the governance of public administration and all the relationships involved have been undertaken within several framings, each of which has foregrounded different relationships. In this section I provide an overview of the three dominant framings - classical public administration, new public management and network-management. As discussed further below, while each is informed by a distinctive discourse the three also overlap and therefore characteristics attributed to each are evident in many public sector agencies and departments today. Of course, there are different epistemological

perspectives on the history and practice of public sector administration. The discussion presented here is included to provide a broad contextual backdrop for the remainder of the thesis.

Classical public administration: rule of laws

The classical public administration discourse¹⁶ influenced the approach to public sector governance relationships from the early stages of the public service in the late 19th Century until the late 1970s, reaching its height in the post-World War II welfare-state era. In this discourse the 'rule of laws' governs decision-making. The culture and practices of public sector agencies and departments reflecting this discourse are characterised as Weberian-style bureaucracies, populated by public servants whose role is to uphold the established rules and to carry out the commands of their superiors. These superiors are both political and managerial, however the influence of 'politics' on the administration is frowned upon and procedures of accountability are used to prevent abuses of executive power. As part of the 'commander' role, policymakers seek out the best expertise available to inform their decisions, and as a result the perspectives of various scientific disciplines and the professions shape how problems are defined and addressed.

An overarching public service ethos positions the state as responsible for meeting the social and economic needs of citizens throughout their lives, and confidence that this was achievable was underpinned by the rising economic wealth experienced by many Western nations at the time. In the early stages, the state was primarily involved in delivering traditional public goods, like sanitation services and public health. Later this extended into areas of economic policy, such as combatting unemployment (particularly after the war), and from the 1960s into areas of social policy, such as anti-poverty and anti-discrimination programs. Influencing the trajectory and shape of social change was seen as within the grasp of the public service, and best-value was identified through serving the greatest

¹⁶ The summary of this framework provided here draws on: Osborne 2006; John 2012; Torfing & Triantafillou 2013; Levesque 2013; Koppenjan & Koliba 2013; Barraket, Keast & Furneaux 2016.

number of citizens. These far-reaching programs were significant social innovations of their time.

However, whilst there was a sense of 'the public' as a collective entity, its needs were addressed through the delivery of centrally designed and largely one-size-fits-all services, and citizen-users were largely conceived as passive recipients of these. Regular elections were considered the appropriate mechanism through which the citizenry could express opinions about political agendas and provide feedback about systems and services. In this framing, the influence of external interest groups on decision-making is considered problematic, and in some areas unlawful.

As the economic climate changed, with most industrialised nations experiencing a recession during the 1970s, and with many social issues revealing themselves as unresponsive to public policies and actions, the bureaucracy of classic public administration came to be seen as problematic. In the emerging context, it was considered "too big, too costly, too rigid, too standardised, and too insensitive to individual needs" (Considine 2001, p.5). This created the conditions that gave rise to a new era of public policy discourse, that of new public management.

New public management: rule of markets

The new public management (NPM) discourse in public sector policymaking rose alongside the neo-liberal political climate that emerged in the 1980s and as such is characterised as 'a child of neo-classical economics' and of rational/public choice theory (Osborne 2006, p.382). NPM-style public sector governance regimes are largely configured around the 'rule of markets', which are seen by proponents as offering the solution to the over-bureaucratisation of the classical era. Central to this approach is the use of outsourcing, competitive contracting and privatisation - policymakers commission public services and external agents are remunerated to develop (to varying degrees) and deliver them.

In this discourse, the public interest is equated with achieving the greatest efficiency, and minimising expenditure of public budgets. This manifests as an often myopic focus on controlling outputs, with lowest-cost becoming the proxy for best-value. As a result, it is now common for business-like standards and measures of performance to govern relationships between public sector actors and their stakeholders. With these changes, the overarching ethos of public sector policymaking has also shifted away from a concern with the trajectory of long-term social change in the broad public interest, to what in effect is a focus on internal processes such as balancing budgets (Mulgan 2009, p.58).

Citizens are conceived as customers in this discourse. In many ways, this means that the sense of 'the public' as a collective entity with common rights and responsibilities has been replaced with a focus on individual citizens and the costs they incur to the system. This shift is significant as it underpins the public sector's role in relation to the provision of public goods, which in the current climate is governed by an 'austerity budget' ethos. It contributes to the positioning of those identified as 'marginalised' as a burden on 'legitimate' tax-paying citizens. In this climate, the 'improving social relations' dimension of social innovation is often far from front of mind, and as a result the consideration of social value becomes reduced to generating cost savings 'in the public interest'.

Most Westernised democracies have been and continue to be influenced by the NPM discourse in policymaking. Whilst there have been some benefits, in the form of 'a stronger emphasis on policy goals, evaluation and public leadership', the reliance on competitive tools and processes is now recognised as having significantly fragmented public sector capacity and capabilities, driven growing distrust of the public service and its motivations, and in some areas has had the perverse effect of increasing the costs of service delivery (Sorensen & Torfing 2015, p.162).

In the context of policymaking in support of social innovation, the NPM discourse is also particularly problematic considering the complex public problems that face governments around the world, and at all levels of jurisdiction, given that

they are largely unresponsive to policy approaches that involve the public sector alone (Mulgan 2009, pp.186-187; Borzaga & Bodini 2014, p.411; Murray 2009).

Network-management: rule of mutual benefits

In this context, there is growing recognition that policymaking must find ways to repair the damage resulting from decades of NPM ascendancy and it is suggested that this will be at least partly achieved through facilitating greater coordination and collaboration between agencies, and with external actors (Koppenjan & Koliba 2013, pp.1-2). As a result, there has been a shift towards a 'network-management' discourse in public sector policymaking (Klijn & Koppenjan 2012, p.599; Klijn & Koppenjan 2000). Network-management approaches to public sector governance revolve around the idea of mutual benefit.

Network-management approaches use policy tools to shape governance structures and functions that rely on trust, reciprocity and shared interests (Barraket, Keast & Furneaux 2016, pp.90-91; Koppenjan & Koliba 2013, pp.1-2). There is an emphasis on breaking down policymaking and service delivery siloes, and initiatives designed to safeguard the public interest and to re-establish public values in government are also prevalent. These initiatives include concepts such as 'joined-up government', the 'whole-of-government movement', 'steering on quality', and building commitment around codes of corporate governance (Klijn & Koppenjan 2012, p.599). Within the network-management discourse, the 'relational State' is presented as an enabler, rather than a manager, one that is "steering an interconnected system in which a diverse range of actors and institutions take the lead . . . [and] . . . cultivate deep relationships in place of shallow transactions' (Muir & Parker 2014, pp.6-7).

The broader participation and collaborative orientation that network-management frameworks offer are showing how some of the imbalances of top-down, expert-directed methods in policymaking may be addressed. For example, the network-management discourse has seen the rise of the co-design and co-production models that are prevalent in social innovation initiatives. The role of

design in the conception, production and delivery of public goods is positioned by proponents as relating to “both public welfare in general and to the creation and shaping of various particular publics” (Staszowski & Brown 2016, p.1). These ‘co’ approaches place the ‘user’ at the centre of the process and through the embedded participatory methods offer significant openings for improving social relations between service users and service providers. They also offer opportunities to establish governance arrangements between public sector actors and their delivery partners that improve social relations at the institutional level.

These types of participatory approaches are increasingly recognised as central to addressing some of the failings of NPM approaches, including in building capacity to facilitate engagement with complex public issues. Network-management approaches bring expanded interests and resources to policymaking efforts, and some of the benefits of this include: an improved understanding of the issues and the needs of diverse stakeholders; the potential for generating more creative options; and a greater degree and wider spread of ownership around the solutions developed (Sorensen & Torfing 2015, p.145).

However, integrating network-management frameworks into policy development and implementation processes also brings with it some inherent challenges. The intensive hierarchical accountability structures that govern decision-making around public resource allocations are shown by Klijn & Koppenjan to often be at odds with the ideas of ‘direct democracy’ that are aspired to through network-management style collaborations. They also identify that effective network-management requires different skills of those involved (Klijn & Koppenjan 2012, p.592). Negotiation and motivational skills are particularly critical, as the participation and resources of diverse actors are needed and policymakers cannot use traditional hierarchical and coercive means to engage them. Network-management is also a challenging task, involving complicated institutional arrangements and agreements, and the efforts required are often underestimated. Interactive processes require sustained commitments that can be ‘frustrated’, causing policy actors to ‘fall back on obsolete behaviours’.

The expectations of stakeholders (internal and external) can sometimes also be overly ambitious and difficult to meet, and divergent interests and priorities can also lead to 'dialogues of the deaf' (Klijn & Koppenjan 2012, pp.592-595). These issues mean that significant culture shifts within and between public sector entities and their partner stakeholders are required for network-management approaches to be effective, and for them to be adopted in any substantial way.

1.2.1 New public governance: An emerging 'mixed-modes' framework

Whilst the three public sector governance discourses outlined above (classical administration, NPM and network-management) are presented in a more-or-less linear fashion and as distinctive frameworks, the reality is that in practice they overlap and co-exist (Barraket, Keast & Furneaux 2016, pp.90-91; Sorensen & Torfing 2015, p.164). This co-existence does admittedly result in messy, confused processes, yet it is becoming increasingly recognised as also offering openings for an emergent framework that has been labelled 'new public governance'.

New public governance (NPG) is a 'mixed-modes' framework that proponents suggest has the potential to provide some of the balance of accountability and flexibility that will be required to integrate collaborative and participatory approaches with accountability and transparency requirements, whilst also navigating the realities of public sector organisational cultures (Klijn & Koppenjan 2012; Sorensen & Torfing 2015; Osborne 2006; Torfing and Triantafillou, 2013). The mixed-modes characterisation stems from its overlap with and integration of methods and processes associated with the three existing discourse frameworks. The resulting hybrid practices involve "combinations of vertical and horizontal ties shaped by complex combinations of democratic and market forces" (Koppenjan & Koliba 2013).

NPG is positioned as signalling an era where the state is both plural - with 'multiple inter-dependent actors contributing to the delivery of public services', and pluralist - with 'multiple processes informing policymaking' (Osborne 2006,

p.384). Those exploring this emerging approach are suggesting that it offers “a new paradigm that helps to handle the complexity and hybridity of the governance challenges that face our current network society” (Koppenjan & Koliba 2013, p.5).

Rather than offering the ‘one-size-fits-all’ type solutions that characterise classical public administration approaches; or automatically requiring the use of competitive frameworks, as is common under NPM regimes; or using the quantity of dialogue as a gauge for the effectiveness of engagement, as can happen in network-management approaches - NPG frameworks direct focus to the specificity of the particular context, *and then* to jointly negotiating the ‘rules of game’ that will govern the arrangements between those involved.

In this way, NPG potentially ‘provides a coherent conceptual framework’ through which theory and research can be developed, one that combines the strengths of existing approaches and applies them to the complex world of 21st century policymaking (Osborne 2006). Despite a ‘consistent theoretical or ideological framework’ remaining unformed, Torfing & Triantafillou suggest that a ‘cluster of principles’ that characterise NPG approaches is emerging. They identify these as: a focus on both process and outcomes; use of co-production techniques; and as relying on “cooperation, negotiation, and the active participation of relevant stakeholders, who are envisaged to chip in with their knowledge, ideas and resources” (2013, p.12). As discussed in more detail in the following chapter, these characteristics and potentialities provide interesting openings for furthering community economies theorising in relation to public sector policymaking.

Based on these principles, the usefulness of NPG frameworks is also evident for those interested in enabling social innovation and assist with positioning it more strongly within broader public sector policymaking contexts. The processes and language encapsulated in these principles also help to normalise and legitimise the often ‘messy’ iterative nature of social innovation activities. Through a NPG framing, it becomes possible to conceive and design the bespoke structures that

are needed so that the multi-actor, horizontal relationships that characterise social innovation activity can be balanced with the transparency and accountability requirements that public sector entities work within.

1.3 Issues & concerns of interest to researchers

As an emergent field of academic inquiry, it is not surprising that social innovation generates a wide range of issues and concerns of interest to researchers. As mentioned, in recent years some of these have been taken up through large-scale European Union funded research projects. In this section I sketch some of the issues and concerns that have influenced how I approach this study, and that have contributed to shaping my inquiry.

In practice and in policy the growing interest in social innovation is based on its perceived potential to bring about positive social change – a normative assumption of inherent ‘goodness’, if you like. However, with regards to the social change aspect of this - the field continues to grapple with the implications of there being as yet, at the overarching level, “no clear understanding of how social innovation leads to social change” (Howaldt et al. 2014, p.1). To date, there has also been little research that compares the effects of social innovation activity to that of established programs, nor where seeking to enable social innovation may be a more effective and/or appropriate approach than other options (Brandsen et al. 2016, p.4). In policymaking contexts, where public resources are being committed to progress social innovation agendas, these are obviously significant gaps that warrant substantial and sustained research attention.

The assumption of an inherent ‘goodness’ is also a concern. As a concept and in practice social innovation suffers from a trend evident in the related field of social entrepreneurship (TEPSIE 2014, p.33). Dey & Steyaert (2010) describe this as a ‘grand narrative’ – one that imparts a seemingly ideology free and optimistic ‘script of social change’ driven by values of rationalism, utility, progress and

individualism. This narrative has the effect of creating a seemingly neutral landscape that trivialises complex social processes and masks the political tensions that surround trajectories of social change. Decision-making around the direction of change should always question what actually is 'the public interest', how 'social' is being defined, who is involved in making these decisions, and what interests are served (TEPSIE 2014, p.33).

Questions such as those discussed here are fundamental to policymaking where the responsibility is to act in the public interest, and yet will always be contested because determining collective interests can only really be undertaken through processes of deliberation and negotiation (Cho 2006). Similarly, what might be considered 'more effective' or 'more efficient, sustainable, or just' - will always be subjective questions. In a climate of reducing budgets and increasingly complex tensions, there are good reasons for promoting critical examination of the underpinning epistemology that is shaping how social innovation is being configured to achieve these types of objectives.

Questioning the motivations for enabling growth and development in this field also rightly raises issues of accountability and citizens' rights (Baglioni & Sinclair 2014, pp.409-410). Political agendas that are looking for substitutions rather than complements to existing social-safety net provisions, in particular, have 'made the concept rather suspicious' to many (Brandsen et al. 2016, p.4). There are concerns about potential distributional implications around social service provision - it could, for example "be used to legitimise service reductions, enabling governments to off-load their responsibilities and privatise social services" (Sinclair & Baglioni 2014, pp.473-474).

The 'promise of change' can also mask political expediencies, where existing and possibly ineffective policies and programs are re-packaged and 'sold' as innovations (Borzaga & Bodini 2014, p.412) - for example by 'creating new jobs in the cheap social economy as a response to the crisis of the welfare State' (Moulaert, MacCallum & Hillier 2013, p.17). These issues also connect to concerns about the co-option of social innovation into 'fast policy' approaches to

generating social change (Klein 2013, p.9). 'Fast policy' is concerned with identifying 'best practice' activity that can be 'rolled out' anywhere, offering 'silver bullet' panacea-like responses to complex issues (Moulaert, MacCallum & Hillier 2013, p.18; TEPSIE 2014, p.6). As Peck & Theodore argue, whilst policymaking craves these 'globalising' strategies and the opportunities to scale and replicate they seem to offer, they ignore "the stubborn reality . . . that *making policies work* very often remains a hands-on, messy, and very much 'local' affair" (2015, p.xvii – original emphasis). In this, these agendas can fail to adequately consider how the specificities of context will impact attempts to scale and replicate those social innovation activities identified as successful, by what are also often narrowly conceived measures.

'Fast policy' is said to favour 'business-class policy gurus and peripatetic consultants' over 'local administrators, stakeholders, and frontline workers' (Peck & Theodore 2015, p.xvii). As a result, even where 'engagement' is part of processes, complicit within 'fast policy' agendas are also all the caveats and considerations that participatory approaches raise – such as who gets to be involved; has anyone been excluded (intentionally or through design flaws); what form/s does the involvement take; what support is provided to assist participation; have vested interests co-opted the agenda; do those involved have any actual influence over decisions; and does the public sector entity have a commitment to acting on the outcomes (TEPSIE 2014, p.22).

Neutralising the inherently political nature of decision-making around these types of questions makes it easier to position social innovation as part of a 'fast policy' toolbox. When coupled with a best-value orientation that considers the public interest served through short-term cost saving, 'fast policy' prioritises efficiencies over generating longer-term forms of social value - including building capacity to improve social relations.

These concerns demonstrate that the 'subversive' or disruptive qualities of social innovation can be understood to have both 'progressive and regressive' implications. As a public policy agenda social innovation could be used to

establish user-led approaches to public service delivery, that empower through participation and collaboration - or it could be used to promote an individualistic self-help culture that justifies reducing public services and blames communities perceived to lack initiative (Sinclair & Baglioni 2014, p.474).

All of these issues, and others, warrant the attention of researchers and of policymakers, in both the short and the long term as understandings of social innovation and its trajectories mature and deepen over time.

1.3.1 My contribution: Research questions explored in this study

In this Chapter I have discussed some of the issues and concerns arising from bringing together the fields of social innovation and public policy. In an area of inquiry that is only recently beginning to put down conceptual roots of substance, this discussion has covered a broad range of topics that offer potential research agendas for those interested in enabling social innovation through the channels available to the public sector.

Through the discussion, I have argued that fully integrating the 'means and ends' dimensions of social innovation takes the definition beyond 'this helps us get to that' to locating social value *within* improved social relations. I suggest that, due to the contextual and specific nature of social value, identifying whether or not 'good' social change outcomes have been generated through social innovation activity can only really be understood through processes of participatory governance and capacity building that involve those impacted.

Therefore, chief amongst the research questions I was interested to pursue were those that related to gaining a better understanding of the social relations dimension of social innovation, and in particular those that contribute to strengthening the language available for communicating about the agents, processes and relationships involved. I hope that by exploring these questions

that I can make a small contribution towards the big-picture issues discussed above.

To understand the dynamics of improving social relations, the actors involved must firstly be identifiable. By inventorying the diversity of agents and processes that contribute to, sustain and benefit from social innovation activity insights into how relationships could be (re)configured to improve social relations can be gained. With a focus on policymaking roles, language that makes it possible to communicate about these agents, processes and relationships in ways that resonate with the culture and practices of public sector contexts is also needed. These concerns frame the first broad research question:

- 1) *What diverse agents and processes are involved in social innovation activity?*

This inventorying process brings into focus the relationships between the actors and processes, and importantly the multitude of decision-making points involved. As Parker et al. articulate, decision-making is often contested and may involve significant tensions, but there are 'always choices about means, ends and the relations between them'. Decision-making also does not just happen at the start of a process, policy or program - it is occurring step-by-step at larger and smaller scales, and as each layer of decision-making is encountered there are opportunities to test assumptions and to make different choices (Parker, Cheney, Fournier, Land & Lightfoot 2014b, pp.34-39). The negotiations that occur around all kinds of decision-making points are central to developing a robust counter to 'there is no alternative' arguments that assume particular methods or path dependencies are inevitable. Identifying where and how these are occurring is prefigurative to establishing an open stance oriented towards possibilities and potentialities. This concern frames the second broad research question:

- 2) *Where are the key negotiating and decision-making points that open up opportunities for social innovation?*

Amongst those working to promote social change, the public sector is often reduced to a 'simple and abstract set of negativities' that include dysfunctionality and outdated approaches, and perceptions that it is staffed by inefficient bureaucratic 'leftovers' (Dey 2006, p.129). To more effectively enrol public sector assets in addressing complex public problems, we need to shift perceptions that the public sector is just 'part of the problem'. However, if they are to secure the public interest, rather than succumbing to narrow quantitative representations of best-value and further exacerbate various 'wicked problems', public sector roles must be reconstituted. The emerging NPG frameworks offer tools and methods that manage the balance between accountability and flexibility. They help displace the public sector as the sole 'driver's' in decision-making around complex public problems. This opportunity frames the third broad research question:

3) What role/s does the public sector play in enabling social innovation activity?

Taken together, the exploration of the three research questions begins to develop a more textured understanding of what is occurring in social innovation activity, and through this to develop a finer-grained language for opening up opportunities for public sector involvement. In the following Chapter I develop the conceptual framework for the project and outline the research process. I then draw on a wide range of examples to characterise the language developed, and to highlight that the discourse of 'wicked problems' may not be as monolithic as it seems.

CHAPTER TWO: Framing the research project

At this early stage of the field's development, there is still much that remains unknown about social innovation and as such there is a need to strengthen its theoretical foundations. As mentioned, work is progressing on this on a number of fronts which are beginning to address various gaps. Sinclair & Baglioni (2014) suggest that in the current context a useful approach to building the field is to focus on developing 'middle range theories', by investigating specific research questions around particular aspects of social innovation and testing these empirically. They identify five sets of questions that require middle range theories to advance understanding of social innovation, grouped as: origins and contexts of social innovation; the impact of social innovations; expanding and transferring social innovations; theories of change; and mainstreaming social innovations and relations with the private sector. From the various questions they suggest will help to advance understanding in this way, this thesis is positioned to contribute to theory development around issues relating to whether and how governments can create conditions to stimulate social innovation (Sinclair & Baglioni 2014, pp.472-473).

I set out aiming to uncover new insights that would contribute to this facet of the social innovation field, and which could point to areas and possibly research methods that may be useful for further enquiry (Babbie 2013, p.91). What is presented in this thesis is motivated by an interest in generating energy and insight into attempts to enable social innovation to establish, survive and thrive. My analysis is purposefully hopeful, reflecting the overarching community economies ethos through which it has been approached (Gibson-Graham, Cameron, Dombroski, Healy & Miller 2017).

2.1 Foundations for a new ethos

To make meaning of social relations in the 21st Century, methods of social inquiry that work productively with their 'increasingly complex, elusive, ephemeral, and unpredictable' nature are required (Law & Urry 2004, p.390). In this endeavour, Law suggests that a 'baroque' approach to imagining complexity has much to offer, and distinguishes this from what he describes as a 'romantic' method. He suggests 'romantic' approaches involve the key methodological principle of pulling towards 'the emergent global reality' - which is achieved through 'looking up' and trying to 'see things as a whole', through attempting to reflect complexity by 'stepping up the size of the model' to take in more of the context and to work on an ever larger scale. The 'baroque' alternative is to resist moving into the abstractions that result from attempts to conceive an interrelated whole, by 'looking down rather than up' and by focusing instead on making meaning of the complexity located in the specific and the concrete (Law 2004, pp.16-21).

This methodological positioning opened up my thinking around the practice-based knowledge and experience I have accumulated over many years. Having come out of what could best be described as a management perspective in my studies, and a public policy orientation in my professional work, I identified a tendency to become mired in attempting to understand the complexity of specific instances of social value by trying to locate their place within a 'big-picture', essentialist discourse about social change.

I also recognised that this is common practice in the fields I am familiar with. For example, versions of a 'romantic' perspective influence the social value measurement discourse prevalent in the social innovation field. In this context, the pre-occupation with applying 'the discipline of business-like accountability' (Nicholls 2005, p.1) to social value considerations can be seen as attempting to understand value relevant to a specific context, and to the unique assemblage of actors involved, by connecting it to notions of best-value privileged by the dominant economic discourse. This simplifies complexities, and also serves to legitimise the pursuit of social value within a broader framing that positions

minimising costs as the expression of 'best-value' and therefore how 'the public interest' is best served. I suggest that attempting to understand social value in this way obscures the complex nature of the relationships and processes involved and trivialises much that is likely significant.

In a previous short essay, I had developed an approach to thinking about how social value might be demonstrated which I termed 'joint stewardship'. The approach is framed around bringing specificity into sharp focus and on building intentional relationships. The essay focused on relationships between social enterprises and social entrepreneurs and financiers - with financiers including grant funders, social investors and contracting bodies that have a specific focus on supporting the work of social entrepreneurs and social enterprises. In this context, the six characteristics of 'joint stewardship' relationships I identified were: an investment mind-set - where value propositions are jointly negotiated; peer-to-peer style relationships - where the contributions of all partners are equally necessary; collaborative approaches to developing methods - including what constitutes value; risk and time tolerance - including redefining 'failure'; a network-for-impact orientation - proactively building more-than-binary arrangements; and a commitment to the commons - broadly sharing learning about 'what works' (McNeill 2011).

Through the research questions developed for this thesis, I have delved back into what I've come to think of as, in effect, a prefigurative piece of thinking. The approach explored here develops conceptual scaffolding that strengthens approaches that, like that earlier piece of work, are founded in a 'baroque' sensibility. I aim to demonstrate how focusing in on specificities - including the agents and processes involved - can improve understanding of where decision-making points lie and how these could potentially be reconfigured to improve social relations and so to generate social value.

2.1.1 A language politics

My interest in exploring this approach is to strengthen the ‘genuinely constitutive and performative’ role of language in unsettling ‘settled certainties’ and in producing those realities I am interested in helping to make more real (Law & Urry 2004, p.404; Dey 2006, p.122-137; Gibson-Graham 2006a; Gibson-Graham 2006b; Gibson-Graham & Roelvink 2009a). In particular, I am interested in contributing to unsettling those narratives that restrict the focus of social innovation to addressing narrowly conceived issues of marginalisation, and those that position it as a device for achieving ‘fast policy’ agendas that seek one-size-fits-all quick-win solutions (Klein 2013, p.9). By prioritising expediencies and cost-savings over capacity building and participation, these narratives serve to marginalise those very actors that are the carriers of the ‘social practices’ required to bring about social change that is meaningful within their specific contexts (Howaldt et al. 2014, pp.12-14). However, through my examination of the literature, I found that the language tools available lacked some of the texture required for the task of opening up a ‘baroque imagination’ – that promotes specificity and centres on concrete examples of practice - around social innovation and policymaking.

Although this is starting to change, as discussed in the previous chapter, social innovation suffers from a ‘grand narrative’ of social change that is presented as normative, and which assumes a relationship between an overarching intent of ‘goodness’ and positive social outcomes (TEPSIE 2014, p.12). While I remain critical of generalised claims of causality, in this thesis I too represent social innovation activity as normative. However, through engaging with the specificity of many ‘little narratives’ (Dey & Steyaert 2010, p.87), with the detail and concreteness involved in unpacking these, and by conceptualising relationships as contingent and in a constant state of negotiation (Gibson-Graham 2006a, p.xxx), I aim to bring a finer-grain to the language through which these representations are made. I argue that this finer grain can help to keep broader political questions – like ‘good for whom’ – in focus, and thus combat approaches that cloud visibility of the political nature of social change. Ultimately I hope to

contribute to exploring the multi-faceted potential of social innovation as a policymaking tool in the public interest.

Therefore, the entry point for approaching this thesis is through understanding its performative intent. In particular, the aim is to open up more spaces of potential action within public sector policymaking contexts, without prejudging which of these spaces may have transformative potential (Gibson-Graham & Roelvink 2011, p.29). A specific expression of this in the research design was allowing the domain of policymaking selected for closer analysis in the third stage of the study to emerge from the earlier stages.

2.1.2 In the Community Economies tradition

The baroque sensibility I cultivate is operationalised through the intentionally performative orientation of this thesis, and through the language and theorising developed to support this objective. In this, I follow the pioneering work of J.K. Gibson-Graham²⁰ and the diverse economies research program developed with members of the Community Economies Collective (CEC). The CEC and the wider Community Economies Research Network (CERN) are international collaborations of researchers

“who share an interest in theorising, discussing, representing and ultimately enacting new visions of economy . . . These projects grew out of J.K. Gibson-Graham’s feminist critique of political economy that focused upon the limiting effects of representing economies as dominantly capitalist. Central to the project is the idea that economies are always diverse and always in the process of becoming” (Community Economies n.d.).

The Diverse Economies research program draws on post-structuralist, anti-essentialist, marxist and feminist theory to offer an analytical framework for rethinking the economy in ways that identify its diversity ‘in all its sites and at all scales’ (Gibson-Graham, 2008). The research program identifies and advocates

²⁰ J.K. Gibson-Graham is the pen-name of my Supervisor Professor Katherine Gibson and her long-time collaborator, the late Professor Julie Graham.

for intentional interventions into ‘making other worlds possible’ (St. Martin, Roelvink & Gibson-Graham 2015, p.1). Devised as a challenge to representations of capitalist dominance, a central conceptual ‘plank’ informing the approach is that economies are made up of diverse economic practices, many of which do not figure in mainstream economic discourse. The ‘community economy’ normatively represents diverse economic practices that give primacy to ethical decision-making and negotiation (Community Economies n.d.).

In community economies research, the term ‘ethical’ is not used to ‘signal the presence of good’, but rather to establish a ‘radical emptiness’ (Gibson-Graham 2008b, p.156) through which the ‘challenges, problems, barriers, difficulties’ inherent in performing community economies can be struggled with (Gibson-Graham 2006b, p.xxv). Through recognising the interdependence of relationships, and through creating economic spaces and networks for intentional action, ‘a collective project of construction’ is fostered (Gibson-Graham 2008a, pp.627-628).

The performative orientation that shapes this approach is reflected in the open and experimental stance taken towards research and theorising, which is designed to make visible and cultivate “the activism inherent in knowledge production” (Gibson-Graham 2008a, pp. 614-615). Several specific methods used in community economies research are woven into the study. One of these is reflected in the baroque sensibility I have attempted to cultivate, which reflects a ‘weak theory’ orientation to ‘reading change’. I attempt to resist the pull of ‘strong theory’ and the romantic tendency to become pre-occupied with the whole when attempting to understand complexity (as described by Law), and to bring to the fore how ‘small facts’ are made to speak to ‘large issues’ (Gibson-Graham 2014, pp.S148-149). By taking this approach, I aimed to produce analysis that is generative and supports rethinking how public sector policymaking can foster social innovation activity.

Stepping towards this aim, I use a deconstructive lens that reads for difference rather than capitalist dominance. This is a specific method applied in community

economies research that is designed to highlight choices being made, so as to open up spaces of agency for diverse economic agents and processes (Gibson-Graham 2008a, pp.624-626). In particular, I use the Diverse Economies Framework (DEF), which is central to the ‘reading for difference’ analysis method, as one of the language tools through which I interpret the case studies. The DEF is discussed further below.

In the in-depth case studies, I go on to develop a ‘thick description’ that supports the development of weak theory, by drawing out and giving breathing space to the complexities that the shorthand of ‘thin description’ papers over (Gibson-Graham 2014, pp.S148). I applied these methods to my analysis and interpretation of the roles of public sector agents in the case studies, drawing out various aspects of the stories that are not usually told and looking for where ‘culturally loaded thin description’ may be constricting how particular aspects were being framed and communicated.

2.1.2.1 Representations of policymaking in Community Economies research to date

“Diverse economies research has been a political project from its inception. As originally conceived, it simultaneously announced a new politics of language and ontology connected to a politics of the subject and a politics of collective action . . .” (St Martin, Roelvink & Gibson-Graham 2015, p.19)

As summarised in recent Community Economies work, the clear intent and enactment of diverse economies research has always been as a political project. The focus has been on grass-roots-style approaches to social change, and therefore to date the role of public sector policymakers (and the State more broadly) has been under theorised. It is in this area that this thesis contributes to the community economies theoretical project.

Where the role of policymakers has been considered in community economies research, the emphasis has tended to be on how narrow interpretations of economic matters that fail to recognise the diversity of agents and processes at play, have shaped various policymaking devices. The central proposition is that a

diverse economies focus can help make clear where assumptions about roles, relationships and decision making options may be limiting the potential of policy related initiatives and interventions. St Martin, for example, demonstrates that narrow definitions of economy have created discursive enclosures around how consideration of the role of 'community' has been interpreted in US Northeast US Fisheries Management policies (2006). In this thesis, I too pursue this 'opening up' approach in relation to policymaking around social innovation objectives.

In a small number of studies, community economies researchers have taken the analysis a step further, identifying the need for 'capacity building' *within* policymaking circles as critical to fostering the conditions for community economies to thrive (my emphasis). For example, Gibson & Cameron's analysis of regional development initiatives in the La Trobe Valley in Australia discovered that

“... many government agencies are heavily invested in being the community's central change agent, controlling the flow of ideas, information, resources and expertise and . . . Indeed, we found that in terms of 'capacity-building', sometimes more needs to be done to shift the understanding and practice of social service providers than local residents, most of whom readily recognise the efficacy of an assets-oriented approach.” (Gibson & Cameron 2005, p.163)

Ireland & McKinnon's (2013) application of a community economies lens to how climate 'adaptation' is being used in the policymaking domain of majority world development provides another example. They show that an unquestioned bias towards what can be interpreted as neoliberal approaches to responding to climate change is evident in the case examined. In a similar vein to Gibson & Cameron's finding, they conclude that a key inhibitor to strengthening diverse local initiatives is the lack of understanding of their roles and impacts amongst “. . . those who set the policies, who finance adaptation, and thus determine the broad shape of the discourses (2013, p.165).

Newbury & Gibson's (2016) detailed case analysis of a community in transition – Powell River in British Columbia - identifies language tools that have contributed to shifting the subjectivities of policymakers (and others) within this community.

With a view to informing national and provincial policy discussions, Newbury & Gibson provide insights into diverse economic practices occurring in the region, and the processes that initiated and sustain them. Of note for this thesis is their argument that use of the term 'situate' rather than 'context' helps to reduce the risk of ". . . viewing complex histories and material realities as simply the backdrop of current activities" (2016, p.20). I suggest that this nuancing of language demonstrates how the type of 'baroque sensibility' discussed above and considered throughout this thesis can be cultivated.

In his 2014 paper on regional economic development practice and policy approaches being undertaken in Maine, USA Miller purposefully sets out to ". . . explore possibilities in a site where one might think neoliberal, capitalist hegemony to be particularly strong" (p.2738). The entry point is Miller's interest in what regional economic developers could *become* if enrolled into a different discourse (p.2739 - original emphasis). Miller's observations about how participants resisted his framing of the interview around economic, social and environmental issues as separate domains of activity and of affect – whilst at the same time embracing a hegemonic economic discourse (2014, p.2745) – provide some substance to where there are opportunities for rethinking the subjectivities of policymakers.²¹

Developing language and approaches that can support policymakers (and others) to conceive of their roles differently is key to addressing the capacity building needed within this domain. Dey identifies that in the social entrepreneurship discourse, bureaucratic actors are assumed to be 'uninspired' and 'lethargic', and are often cast as 'a simple and abstract set of negativities' that is populated by 'dysfunctional, outdated and inefficient leftovers' (Dey 2006, p.129). Dey's analysis of how this type of rhetorical framing presupposes and reinforces a 'bureaucracy-social enterprise binary' makes transparent the essentialist and

²¹ Although, it is important to note that only some of those included in Miller's study were *public sector* policymakers, i.e. he drew on a broader cross-section of policymaking roles than that which I am focusing on in this thesis.

capitalocentric discourse we succumb to when we allow the performativity of policymaking and policymakers to be corralled in this way.

Drawing on Gibson-Graham's argument that ". . . we can no more assume a capitalist firm is interested in maximizing profits or exploitation that we may assume that an individual woman wants to bear and raise children . . . (2006b, p.16) I suggest that policymakers are no more driven by 'uniform behaviours and aspirations' than any other taxonomically classified group. This positioning was further inspired by North's finding that SME owners involved in local low carbon transition projects in the UK have diverse motivations and enact these in ways that belie stereo-typical assumptions (2015).

Opportunities exist to build on these nascent insights, already identified through community economies research. Developing language tools and identifying openings that help to strengthen and build on the interests, behaviours and aspirations of those with an appetite for enabling social innovation assemblages is the core theme explored in this thesis. In this endeavour, I aim to contribute to increasing the potential 'number, extent, and reach of associations' available to perform community economies by broadening the scope of actors and sociotechnical devices enrolled in the agenda (St Martin, Roelvink & Gibson-Graham 2015, p.21). In the following section I introduce how the notion of 'assemblage' contributes to this research agenda.

2.1.3 Recognising the assemblage

Another key conceptual move I make in this thesis is to position social innovation as an 'assemblage'. Until this point I have been using the terminology 'social innovation activity' to begin to identify it as not any one thing (as in 'the' or 'a' social innovation), but a dynamic process of social change. The concept of assemblage marshals all the actors involved in social innovation - including concepts, policy instruments, new forms of cooperation and organisation, methods, processes and regulations, and the complex relationships between

diverse actors such as people, institutions and organisations, laws, documents, strategies, and technologies (Howaldt et al. 2014, pp.19-21).

In many cases - and by intention in those I have chosen to present here - public sector actors are part of these assemblages. I position their roles as interwoven with those of the other actors involved, rather than being located as external and 'other'. I use this positioning as the entry point for integrating the new public governance (NPG) literature into my methodological approach, suggesting that the socio-technical assemblages which characterise the mixed-mode NPG frameworks can be interpreted as both examples of and facilitators for the 'new configurations of resources' that characterise social innovation assemblages.

One of my key interests in undertaking this thesis was to help strengthen the efforts of policymakers, and in this the performative intention of the study is clear. Developing and using language that would resonate within the hierarchical decision-making structures and risk-averse cultures that characterise the public sector was therefore a key concern. The exploratory process around this led me to the NPG literature, introduced in the previous Chapter, and this was subsequently adopted as the perspective through which (re)configurations of public sector roles in relation to enabling social innovation assemblages are explored. For this study, the NPG mixed-modes approach is particularly interesting for the language tools it provides, which help to normalise the processes required when policymaking enables diverse social innovation assemblages, as these can often appear 'messy' and inefficient from conventional perspectives.

In my framing, NPG frameworks are socio-technical assemblages. They rely on the creative combining of NPM-style tools with network-management orientations, to achieve transparency *whilst also* fostering participatory and collaborative involvement. As the mix of human and non-human actors is recognised as being unique in each case, NPG normalises the need for contextual specificity in developing the balance between the 'tight' and 'loose' elements of the governance arrangements involved in enabling social innovation. Both the

'snapshot' and the 'in-depth' case studies of social innovation included in this thesis demonstrate how NPG can be recognised as part of the socio-technical assemblage involved.

Using this framing, a multitude of negotiations become visible, as do a multitude of points where different decisions could be made about the nature of relations. Proponents suggest that the 'negotiated interactions' that occur in NPG-style relationships facilitate the 'pooling of public and private ideas and resources', and build joint ownership over actions amongst the internal and external stakeholders and partners (Torfing & Triantafillou 2013, p.15). This creates openings for significantly altering the discourse around how complex public problems may be tackled, shifting away from conceiving them as public *sector* problems to issues that publics are involved in addressing. As part of this, NPG also offers methods for de-centring the public sector from the 'driver's seat' and moving towards the genuinely peer-to-peer relationships required, in ways that can practically sit within existing cultures.

NPG has not as yet gained wide traction in public policy settings, and is described as a 'partial theory' in that whilst offering useful insights it "provides incomplete explanations of the phenomena that it is describing" (Barraket, Keast & Furneaux 2016, p.129). It is this very incompleteness that offers opportunities for exploring 'weak theory', and which establishes the opening for connecting NPG with the community economies research tradition. Bringing together these two bodies of work has not been undertaken previously, and in doing so this thesis is at its most experimental. The exploratory nature, also offers a potential contribution to furthering developments in the (similarly) emergent field of NPG research.

2.2 Frameworks for making sense of social innovation assemblages

“while significant effort is expended in defining what social innovation is, relatively little attention is being paid to the actors and mechanisms that bring it about, which in turn makes it very difficult to understand what kinds of policies could be most beneficial” (Borzaga & Bodini 2014, p.412).

As this quote highlights, there is much room for improving understandings of who and what is involved in social innovation assemblages, and in turn this would help to progress effective policymaking in this area. Through the approach used in this study, I contribute to developing a ‘plurivocal genre of narration’ that makes space for the many ‘little narratives’ (Dey & Steyaert 2010) that provide a starting point for cultivating a baroque sensibility around specificity and context.

I develop an experimental configuration of language tools, organised into two frameworks.²² By bringing these tools together in a new way, I aim to cultivate a baroque sensibility around ways of thinking about and researching social innovation. Each framework provides a different lens that is useful for making clearer who and what is involved in specific instances of social innovation activity. Rather than being intended to suggest any essentialist conceptualisation of social innovation, they are offered as tools for opening up the social innovation ‘box’, and for thinking differently about assumptions and options.

For rhetorical purposes, using different approaches also reinforces the idea that concepts can be presented in different ways, using different languages, to achieve different purposes. Together, the two frameworks offer language and perspectives useful to policymakers, as they facilitate more textured dialogue about what is occurring and what may effectively contribute to enabling social innovation assemblages. The greater degree of nuance achieved through combining the two frameworks helps to break down deterministic explanations

²² Another framework that was used in the early stages was Nichols & Murdock’s adaptation of Schumpeter’s ‘five dimensions of innovation’ to social innovation (2012, pp.11-12). However, the Schumpeterian approach proved too narrowly focused on market dynamics for my purposes.

of relationships and processes, and to draw attention to the inherently plurivocal nature of social innovation. This rethinking is at the core of the exploration this study is engaged in, and the layering the frameworks offer when taken together is designed to contribute to this.

The conceptual orientation of each of the frameworks is discussed in the sections below. In the following Chapter, they are illustrated using ‘snapshot’ case studies developed through the study, and feedback on their usefulness generated through the ‘user groups’ research activity is discussed. The two frameworks are also used in the development of the four in-depth case studies that are discussed in Chapters 5, 6, 7 and 8.

2.2.1 Specificity of agents and processes

The first framework applies the Diverse Economies Framework (DEF), to the research question: *“What diverse agents and processes involved in social innovation activity”*. The DEF is a research tool designed to decentre the ‘strong theory’ of capitalist economy.²³ It identifies the diverse range of agents and processes involved in ‘more-than-capitalist’ endeavours. This involves attending to the actancy of practices which might otherwise be obscured by always being positioned in relation to capitalism (Gibson-Graham 2014a, p.82; St. Martin, Roelvink & Gibson-Graham 2015, p.4).

For example, private capitalist businesses are the form of enterprise most commonly recognised by public sector policies as contributing to ‘the economy’. Using the DEF, it is possible to make visible the presence of and economic roles played by a wide range of enterprise forms – such as worker-owned cooperatives, social enterprises, sole proprietorships, and even feudal enterprises. These forms

²³ The DEF has been applied to a range of different contexts and sectors (for some examples, see: Clement-Couzner 2016; Lyne 2016; Dombroski 2016; Morrow & Dombroski 2015; Morgan & Kuch 2015; Fleming 2015; Cameron & Wright 2014; Lane n.d.; Gibson-Graham, Cameron & Healy 2013; Carnegie 2008; Hill 2003).

each have different logics and dynamics – including how they generate, appropriate and distribute value (or surplus), and these do not necessarily conform to those of private capitalist businesses. By foregrounding this heterogeneity, it becomes possible to challenge the positioning of capitalist business as an ideal-type enterprise.

The DEF provides a framework through which to inventory diverse practices of not just enterprise, but also labour, transactions, property and finance. The type of economic activity is identified as either capitalist - i.e. the focus of mainstream economic discourse; 'alternative' - i.e. distinguished from mainstream activities by commitment to an ethic that qualifies a 'business as usual' approach; and 'other' (i.e. organised by commitments and dynamics that are non-capitalist). The combination and interaction of these together make up the diverse economy.

Table 1 (adapted from Gibson-Graham 2006a; Gibson-Graham, Cameron & Healy 2013) provides brief examples of 'alternative' and 'other' agents and practices that can be involved in public policy and programs.

Table 1: A diverse economy of agents & processes

Labour	Enterprise	Transactions	Property	Finance
Waged	Capitalist	Mainstream-market	Private	Mainstream-market
Alternative-paid <ul style="list-style-type: none"> • Self-employed & family businesses • Secondments • Reciprocal / in-kind (incl. pro bono) • Work-for-welfare 	Alternative-capitalist <ul style="list-style-type: none"> • Public-sector-owned enterprises • Social businesses 	Alternative-market <ul style="list-style-type: none"> • Commissioning processes designed to open markets for alt-capitalist, non-capitalist or local suppliers • Contracts specifying alt-capitalist, non-capitalist and/or local suppliers • Local currencies 	Alternative-private <ul style="list-style-type: none"> • Publicly owned hard & soft (e.g. data sets) assets • Assets of not-for-profits • Community land trusts 	Alternative-market <ul style="list-style-type: none"> • Social investment • Community bonds • Peer-to-peer lending • Microfinance • Interest free loans • Competitive grants
Unpaid <ul style="list-style-type: none"> • Interns • Advisory groups • Service-users input • Volunteering 	Non-capitalist <ul style="list-style-type: none"> • Employee / community-owned co-ops • Social enterprises • Not-for-profits • Sole-traders • Unincorporated groups • Households 	Non-market <ul style="list-style-type: none"> • Non-competitive contracts • Enterprises sharing 'back-office' resources 	Open Access <ul style="list-style-type: none"> • Creative commons • Open-source intellectual property 	Non-market <ul style="list-style-type: none"> • Non-competitive grants • Crowd-funding

I use the DEF to identify and describe the diverse agents and processes involved in social innovation assemblages, and to present these in language that helps to legitimise their often obscured contributions (Gibson-Graham & Roelvink 2009b). Using the DEF highlights the economic contributions being made, presents them in language that 'makes sense' within the hegemonic economic discourse prevalent in policymaking contexts, and through this dispels perceptions that 'the economy' is solely the domain of 'proper businesses' that generate distributed financial returns. In this way, as discussed below, the DEF helps to open up possibilities around how relationships between public sector actors and their stakeholders might be reconfigured to generate social value.

Identifying and describing these diverse actors is a crucial step towards reconfiguring the relationships between them, including those involving public

sector entities. The clarity afforded by this process of making visible helps us ‘think past’ the existing regulations, policies and norms that often obscure where different approaches may be possible, and as the case studies show also help to identify where openings for ‘this process of making new social relations’ may already exist (Parker, Cheney, Fournier & Land 2014a, p.367). In this way, applying the DEF to the case studies also provides insights relevant to the second research question: “*Where are the key negotiating and decision-making points that open up opportunities for social innovation?*”.

A reconfigured picture of the economy also allows social innovation actors to ‘see themselves’ within it and encourages them to identify and develop relationships with other like-minded entities, and so to create networks of interaction focused on building community economies (St. Martin, Roelvink & Gibson-Graham 2015, p.11). This new picture has the potential to prompt a change in thinking about roles that different actors are often traditionally assigned, and which constrain opportunities to think and do differently. The DEF therefore also creates the opening through which a performative orientation to the third research question can be approached: “*What role/s does the public sector play in enabling social innovation activity?*”. As the in-depth case studies demonstrate, the DEF inventorying process is a potent tool that can identify where significant value is being generated by and for communities, and where this may contribute to achieving a wide range of socio-economic policy objectives.

2.2.2 Identifying processes of decision-making and negotiation

The DEF helps to identify the *economic* roles and contributions of agents and processes that comprise the assemblages that *are* social innovation. This more differentiated understanding creates opportunities for improving social relations by reconfiguring how the negotiations involved are governed. In this section I present a second framework that addresses my second research question: *Where*

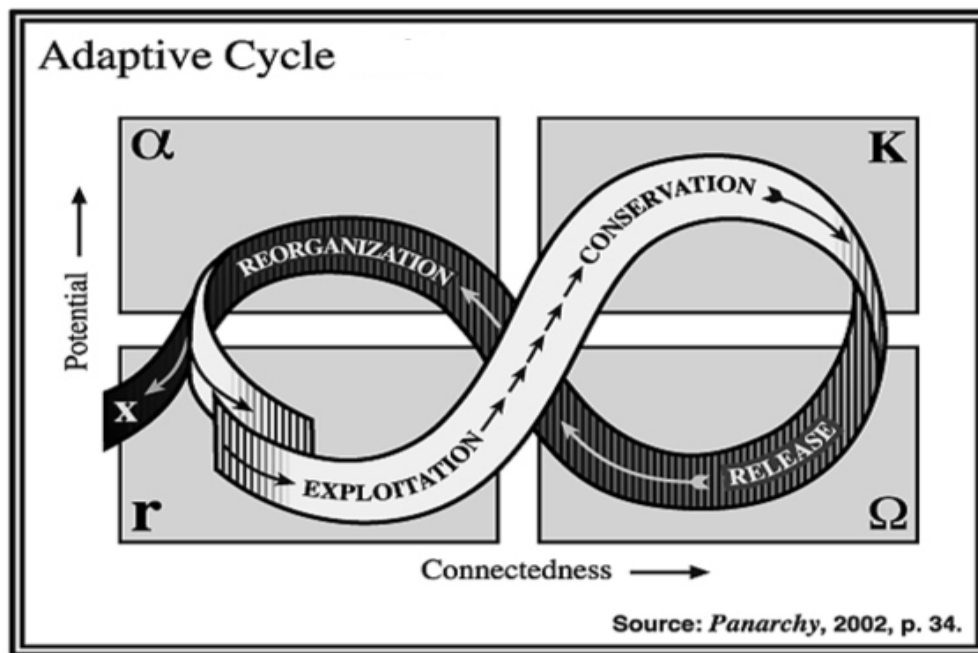
are the key negotiating and decision-making points that open up opportunities for social innovation?

The framework for identifying where negotiation and decision-making points lie incorporates a 'stage of lifecycle' perspective; a 'domains of social change activity' perspective; and a contextual specificity approach to growing and diffusing social value. The first perspective acts as the primary 'organising element' and the other two add further texture to the language tools. Each of these is discussed below. In addition to contributing to exploring research question two, the second framework also begins to respond to the third research question as it provides insights into when and where policy decisions are being made, and builds on the clarity gained through applying the DEF to this question,

The first organising concept is the stage of lifecycle that the social innovation assemblage is working at. This concept was introduced to the social innovation context by Canadian scholars, who adapted it from the literature on resilience theory (Moore, Westley, Tjornbo & Holroyd 2012; Moore & Westley 2011). Deriving from resilience theory, this concept places a strong emphasis on capacities to learn and adapt to changes in context and to self-organise. As shown in Figure 2,²⁴ the four phases in the adaptive cycle are release, reorganisation, exploitation (I use the terms 'consolidation and replication' to refer to this stage) and conservation - depicted as a figure of eight, with the 'conservation' stage moving back into the 'release' stage as innovations are absorbed into the mainstream.

²⁴ Image sourced from:
http://www.peopleandplace.net/media_library/image/2008/11/14/adaptive_cycle

Figure 2: The lifecycle stages of the Adaptive Cycle



In addition to bringing this concept to the social innovation literature, Moore et al. suggested specific public policy roles for catalysing social innovation activities that are at each of the stages of development. They illustrate their suggestions using a series of short examples focused on each stage, and then one more detailed case study to demonstrate how progression through the life-cycle can be understood. I follow their 'explanatory case study' approach (Moore et al. 2012; Yin 1994), incorporating the stages of life-cycle concept into the discussion of case studies presented in this thesis, and establishing additional reference points that demonstrate its usefulness in policymaking contexts. Moore et al.'s unique approach identifies the following stages and suggested roles for public sector policy (2012, p.92-103):

- **Release stage:** the collapse of rigid, powerful rules and institutions; the generation of new interactions; and the (re)combining of ideas, people and resources. Suggested policy options are those that offer approaches for

sense-making around complex problems and in situations where no tangible innovation clearly exists.

- **Reorganisation stage:** restructuring around visions; selecting options; developing new processes; and maintaining creativity. Suggested policy options are those that offer approaches for reorganising groups around new ideas, visions and innovations, and that ensure progression to selection of an option/s.
- **Consolidation & replication stage:** leveraging a broad range of resources to launch, stabilise and potentially scale the innovation. Suggested policy options are those that offer approaches for leveraging resources to stabilise successful innovations, and remove barriers to achieving scale.
- **Conservation stage:** establishment of new norms, skills and efficiencies. Suggested policy options are those that offer approaches for institutionalising the innovation, ‘scaling up’ activities, and preparing to be resilient in the face of the next disturbance.

Public sector enabling can take many forms, and so for policymakers the life-cycle stages concept helps to communicate and normalise the ever-changing nature of social innovation assemblages, locating them as a process of change rather than as manifesting in a particular entity or stable set of circumstances. I suggest that the adaptive cycle can also signpost potential pathways for a specific social innovation assemblage, and so help to identify decision-points where public sector enabling support could assist with progressing development in particular directions. This provides a more textured language, which could facilitate more meaningful negotiations about how enabling support could be best configured, including more realistic estimations of the likely time frames involved in different aspects.

The second organising concept is what I am calling the ‘domain of activity’ through which the social innovation assemblage is affecting (or attempting to affect) social change. This concept was advanced by UK scholars Nicholls & Murdock and is often referred to in social innovation literature as ‘levels of social

innovation'. It suggests social change can be affected through three domains of activity, which are characterised as follows:

- **Incremental:** products and services domain; addressing identified market failures more effectively, including negative externalities (such as costs – particularly social and environmental - that affect those not involved in production or consumption) and institutional voids (such as the absence of intermediaries that connect buyers and sellers),.
- **Institutional:** markets domain; reconfiguring existing market structures and patterns to create new social value.
- **Disruptive:** the domain of politics and social movements; altering social systems and structures through changing accepted frames of reference (Nicholls & Murdock 2012, p.4).

This continuum of social change activities legitimises the range of ways that social innovation assemblages work rather than setting up a hierarchy of effectivity that fails to recognize more everyday practices (Gibson-Graham 2006b, p.xxvi). It discourages a fixation on disruptive social change, which can exacerbate the type of 'fast policy' approaches that overlook attention to local context and adopt unrealistic timeframes. In social innovation policymaking (and in related areas, like social investment) insisting that local or smaller scale initiatives 'scale up' before enabling support is made available can also result in failing to establish developmental pathways for activities that may evolve into broader social change roles over time.

I suggest that the 'domains of social change activity' concept also facilitates more textured discussion about the types of policy objectives a social innovation assemblage may contribute to. This is useful as it provides a lens through which to broaden the focus beyond just the overall extent of the impact or outcomes that could be generated, to a more nuanced consideration of the type of activity most fit-for-purpose in relation to the specific policy objectives under consideration. In this way, enabling social innovation can be better positioned as a policy tool within the broader public sector innovation discourse, one that is suited to

particular types of policy objectives and that can contribute to social change outcomes in a variety of ways.

I suggest that being able to identify the domain of social change activity a social innovation assemblage is working in *and* the stage of lifecycle it is at helps direct attention to the importance of building capacities and momentum over time and with the unique actors involved in the specific assemblage. The lure of 'fast policy', coupled with lowest-cost interpretations of social value, drives a pre-occupation with replicating, scaling and other forms of 'maximising impact' as the preferred strategies for growing social value. I suggest that bringing a baroque sensibility to bear on this issue shows this orientation to be particularly problematic, as it trivialises the unique actors, relationships and negotiations that have gone into making *that* social innovation assemblage work in *that* context. Focusing on 'scaling what works', positions social value as a static end-goal that can somehow be accounted for using narrowly conceived metrics and systems.

As discussed, I am exploring the consideration of social value as located *within* improvements in social relations, and positioned as a 'relational and dynamic' process. What is needed then, is a different way of thinking about what growing social value looks like and how this 'growth' may be enabled through public sector enabling roles.

The final organising concept then is diffusion, theorised via Akrich, Callon & Latour's 'model of *interessement*'. This approach offers a different way of thinking about innovations and their replication. Akrich, Callon & Latour describe what actually happens in the practice of diffusion as involving a 'bundle of links' that unite the object (in their case) to all those that come into contact with it. They suggest that 'innovation is perpetually in search of allies' and that adoption is dependent on its ability to adapt to the interests and needs of those who would take it up (including in this case, policymakers). *Interessement* is presented as an assemblage process which highlights that replication is dependent on an innovation adapting to specific needs and contexts, and on the aggregation of

interests produced – or not – through decision-making that occurs around it as it travels through time and space (Akrich, Callon & Latour 2002a, p.205).

The framework for identifying ‘processes of decision and points of negotiation’ developed here further cultivates an overarching baroque sensibility by directing attention to the specificities of actors and the context of a social innovation assemblage. It combines consideration of: stage of lifecycle - to help identify where critical developmental matters may occur; domain of social change activity - to help clarify how the assemblage fits with policy objectives; and a diffusion lens - to help identify different ways of thinking about growing social value, in a policymaking context.

2.3 The research process

In designing the research process, I attempted to reflect the ‘social plasticity’ outlook that underpins social innovation concepts and practices. Mulgan describes social plasticity as seeing society engaged in its own creation, believing that discovering improvements will come through experimentation not deduction, and that the world is amenable to reform (2012, p.36). This intention was approached through the performative orientation of the study – that is, to “not simply describe the world as it is, but also enact it” (Law & Urry, 2004, p.390). It was also approached by employing methods designed to unsettle essentialising tendencies, in this case in the sphere of social innovation policymaking discourses.

In keeping with the broad framing of the research questions, and to ensure that insights and findings could emerge from the process, the study is qualitative, inductive, exploratory and descriptive in nature. The data collected are largely cross-sectional, involving perspectives offered by the study participants at a point in time. The unit of analysis is the social innovation assemblage itself, rather than any one or other of the entities involved, and my emphasis is on how the

activity is organised and on the relationships between participating organisations.

Drawing on the community economies tradition, I adopted an iterative approach to data collection and analysis which facilitated a focus on 'learning rather than judging', on experimenting rather than confirming what I already knew; and through this I attempted to 'yield to emerging knowledge' (Gibson-Graham 2008a; Gibson-Graham & Roelvink 2009a; Gibson-Graham 2014) in a way that reflects the tradition, and also responds in some small way to Law & Urry's call for methods of social inquiry that work productively with complexity (2004, p.390).

Specifically, a two-stage approach was adopted in the research design to allow the insights of those involved in day-to-day practice to emerge and influence the direction of the study. As a result, the data collection and analysis were undertaken in three stages, providing an opportunity for iterative learning and early integration of useful findings and perspectives. As outlined in Figure 1 ('research activities flow chart'), the three stages were: 1) initial snapshot case studies using the two 'sense-making' frameworks; 2) refining the frameworks based on input from two 'user' groups; and 3) selection of a specific domain of policymaking, and development of in-depth case studies.

Data collection protocols were developed through the Australian National Ethics Application process, and in accordance with its guidelines, and were approved on 12 December 2012.

2.3.1 Case study research agenda

A case study approach was chosen as the overarching method for the study. A case study approach is considered appropriate when the intent is to "investigate a contemporary phenomenon within its real-life context . . . and the boundaries between phenomenon and context are not clearly evident", when there are likely

to be more variables of interest than data points, and where a theoretical proposition has been developed to guide data collection and analysis (Yin 1994, p.13).

The intention in providing the snapshot case studies was to demonstrate the usefulness of a finer-grained language that provides insights into the diverse assemblages of agents, processes and negotiations involved in establishing and sustaining social innovation activities and through this to gain insight into how the public sector can enable social innovation assemblages. A breadth of examples was needed to achieve this, and therefore multiple and diverse examples of social innovation assemblages were included in the study.

I differentiate between snapshot case studies and in-depth case studies. The latter are subject to the development of 'thick description' and a more detailed analysis that brings together the orientations outlined in the conceptual framework. They respond to all three research questions by theorising how the examples shed light on the agents, processes and negotiations involved in social innovation assemblages and how these might be enabled through public sector policymaking. As mentioned, the intention was not to compare or evaluate instances of social innovation assemblage, and each 'case' has also therefore been treated as a single case - rather than used for comparison purposes, as a multi-case process would aim to do (Yin 1994).

The snapshot case studies are in effect a 'working tool', used firstly to lightly explore a range of policymaking domains and engage participants in Stage 2 of the study. They were then also used to assist in the selection of the specific policymaking domain that became the focus for Stage 3. This approach, together with the community economies 'open stance' orientation ensured that I did not pre-empt the choice of policy domain that would become the focus of the in-depth case studies. In application, this proved fruitful as my early thinking about what may be a useful domain shifted quite substantially as a result (from local and regional development to procurement). The snapshot case studies are not intended to provide the level of in-depth analysis that fully explicated case study

research requires (Yin 1994), but rather the terminology is used in a general way to differentiate between the examples included in this thesis.

All the case studies included in the study were identified through desktop research and snowballing professional networks. The first step in this was the creation of a list of 'initial contact' organisations that were likely to be aware of and/or able to connect me to various types of social innovation assemblage, i.e. through which to 'snowball' contact. The initial contact group was kept deliberately broad at this stage, covering a wide range of possible activity, to help reduce the potential of essentialist interpretations of social innovation dominating the study and to facilitate initial consideration of a range of policymaking domains. Some of the organisations were known to me through professional networks; others were identified through desk-top research; and I also monitored some social media channels (Twitter and LinkedIn, primarily) attempting to identify new and emerging activities.

Through this process 66 initial contact organisations were identified, and Table 2 provides a listing of this initial 'snowballing' group. In addition, four individual researchers working on particular initiatives were also contacted.

Table 2: Initial 'snowballing' contact group

Initial 'snowballing' contact	Primary geographic focus
ASIA PACIFIC	
Fuping Development Institute	China
Jockey Club Design Institute for Social Innovation	Hong Kong
Organisation for Awareness of Integrated Social Security (OASiS)	India
NZ Centre for Social Innovation	New Zealand
Lien Centre for Social Innovation	Singapore
Social Enterprise Association	Singapore
Hope Institute – Social Innovation Centre	South Korea
Seoul Development Institute	South Korea
Social Innovation Research Group	Taiwan
EUROPE	
Helsinki Design Lab	Denmark
MindLab	Denmark
Learning from Innovation in Public Sector Environments (LIPSE)	Europe

Initial 'snowballing' contact	Primary geographic focus
Social Innovation Europe	Europe
ENSCI Les Ateliers (Paris Lab)	France
La 27e Region	France
SlowLab	Netherlands
Community Enterprise in Scotland (CEiS)	Scotland
Scottish Government, Third Sector Division	Scotland
SENScot	Scotland
Social Enterprise Academy	Scotland
Social Innovation Scotland	Scotland
Social Value Lab	Scotland
Calouste Gulbenkian Foundation	UK
Centre for Local Economic Strategies	UK
Finance Innovation Lab	UK
Institute of Place Management	UK
i-SE	Birmingham, UK
Locality	UK
NESTA – Public Services Lab, Creative Councils program	UK
New Economics Foundation (NEF) - Local Economies program	UK
New Local Government Network	UK
Participle	UK
ResPublica – New Economies, Innovative Markets workstream	UK
Social Innovation Lab for Kent (SiLK)	Kent, UK
Substance	UK
The Young Foundation – Future Communities program	UK
NORTH AMERICA	
Broken City Lab	Windsor, Canada
Canadian Centre for Community Renewal	Canada
Canadian Community Economic Development Network	Canada
Centre for Cooperative & Community Based Economy	Canada
Enterprising Non-Profits	Canada
Institute Without Boundaries	Canada
SiMPACT Strategy Group	Canada
Social Innovation Generation (SiG)	Canada
Center for Social Innovation	Toronto, Canada New York, USA
Business Innovation Factory	USA
Portland Economic Opportunity Initiative	Portland, USA
Public Policy Lab	New York, USA
Slow Money	Boulder, USA
Social Enterprise Alliance	USA
Social Enterprise Magazine-Online	USA
The Berkana Institute	USA
GLOBAL	
Coady Institute - Strengthening Local Economies theme	Global
Community Economies Research Network	Global
Design for Social Innovation & Sustainability (DESIS) Network – Sustainable Everyday project; Public & Collaborative cluster	Global
Forum for the Future	Global
IDEO.org	Global

Initial 'snowballing' contact	Primary geographic focus
International Centre for Social Franchising	Global
LLGA <i>Cities Pilot the Future</i>	Global
NESsT	Global
OECD - Local Economic & Employment Development (LEED) program	Global
Reos Partners	Global
Social Innovation Exchange (SIX)	Global
Stanford d.school	Global
Sustainable Food Lab	Global
The Insight Labs	Global

Each intermediary organisation was contacted via email with an overview of the project, a description of the types of cases being sought, and a request for information on any potential examples they may be aware of. The request was purposefully broad - the email indicated that any suggestions would be useful, and suggested not interrogating whether the example fit the study too much, as the refining of the group would occur through the initial desk-top research and application of the early thinking about the analysis frameworks.

Over 40 specific responses were received through this process – providing thoughts on possible examples, pointers to existing reports and other studies, and to other organisations or people who may be able to assist. From this process a list of potential examples was generated and initial desk-top research undertaken, exploring each through existing material available in printed form or online (e.g. academic studies, other research reports, grey literature, websites).

Following this step, the decision was made to focus primarily on the UK, Europe, Canada, and the United States. This geographic focus was chosen so that the data generated would be broadly applicable to the contexts of participants involved in the Australian-based 'user' groups research activity, and also to facilitate access through simplifying travel requirements (i.e. also had a convenience sample aspect). Each of the case examples was considered in relation to two initial criteria (through secondary sources at this stage, so to the extent possible):

- That the activity was enabled by the public sector in some way – and preferably with some indication that multiple ‘ways of organising’ (see below) were being used to achieve this.
- That the activity could contribute to demonstrating elements of one or both of the frameworks being explored – diverse agents and processes; and processes of decision and negotiation.

I was particularly interested to explore a broad range of the mechanisms that public sector entities were using to enable social innovation. At the time, I drew on my own knowledge and experience to establish a rough spread of these, to guide thinking around case study selection. Subsequently, the TEPSIE research project identified that public sector ‘facilitation’ of social innovation can be grouped around the following roles: funding; procurement; alternative use of assets; increased support for networking; new legal frameworks; capacity building; commissioning and applying research; promoting citizen engagement; measurement; and digital technology (Boelman et al. 2014). The final group of snapshot case studies included in this study reflect this breadth of activity, with many including multiple roles.

At this stage, I was drawing on Verweij et al.’s ‘clumsy solutions’ concept (2011) as a way to break down deterministic notions of power relationships and as a starting point for thinking about the governance relationships involved in social innovation assemblages. Verweij et al. use cultural theory to identify four ways of ‘organising, perceiving and justifying social relations’ - egalitarianism, hierarchy, individualism and fatalism - and discuss how creative and flexible combinations are used in cases involving complex public issues (Verweij, Douglas, Ellis, Engel, Hendriks, Lohmann et al. 2011). They term these approaches ‘clumsy solutions’, and suggest that this is a useful concept as it improves understanding of how sources of social power are mobilised, in different combinations, whilst also navigating the inherent tensions between them (Taylor 2012). The initial selection of case studies included consideration of these ‘ways of organising’ (as far as could be identified remotely). Looking for the combinations of ways of organising helped to identify where assemblages of actors were involved, and

also to identify where 'hierarchical authority' (as an expression of public sector involvement) may be part of the mix.

Due to the exploratory nature of the study, the number of examples included in the shortlisted purposive sample was not pre-determined. The focus was on identifying a range of activity through which the characterisation of social innovation assemblages and the public sector relationships involved could be explored.

Each social innovation assemblage was then contacted with an introductory email, outlining the focus of the study and inviting participation. The unit of analysis was intended to be the social innovation assemblage (rather than any one of the organisations involved), and so I was particularly interested to include those cases where different perspectives on the activity could be gained. The initial contact person was therefore also asked for input on other potential interviewees, from other entities involved in the assemblage. This triangulating approach was also included as it helps to minimise bias that may result from relying on a single perspective.

Once the participants for each case were confirmed, a time, date and location for each interview was agreed. At this stage, participants were provided with the Participant Information Sheet, Interview Guide, Participant Consent Form, a table summarising the cases that had agreed to participate in the study, and an interview guide outlining the themes to be explored in the interview. The themes were intentionally broad ranging (see APPENDIX A) and a conversational style was used, reflecting the emergent orientation to the research design.

This process resulted in forty-six semi-structured in-depth interviews being conducted with 56 representatives of 24 social innovation activities across eight countries. Table 3 provides a listing of the social innovation assemblages.

Table 3: Listing of social innovation case studies interviewed

Social innovation assemblage	Broad policy domain contributes to	Location
EUROPE		
KOMOSIE	Waste & Re-use	Flanders Region, Belgium
Berlin <i>Neighbourhood Management</i> Fund	Neighbourhood d'ment	Berlin, Germany
La 27e Region	Social services	Paris, France
R-Urban	Place d'ment (neighbourhood)	Paris, France
Innobasque Social Innovation	Socio-economic d'ment (State / Province)	Basque Region, Spain
SAIATU <i>Hospice at Home</i>	Health	Basque Region, Spain
Guifi.net	Socio-economic d'ment (towns)	Catalonia Region, Spain
CityMart	Social & environmental innovations	Barcelona, Spain & Copenhagen, Denmark
e-Adept	Social services	Stockholm, Sweden
Färdknäppen Housing Community	Housing	Stockholm, Sweden
UK		
Building a Better Bristol	Socio-economic d'ment (city)	Bristol, UK
<i>Community Asset Transfer</i> program	Socio-economic d'ment (towns & neighbourhoods)	London, UK
Fusion21	Housing & socio-economic d'ment	Liverpool, UK
Northamptonshire <i>Libraries Plus</i>	Social services	Northampton, UK
Lancashire Funding Circle	Economic d'ment (regional)	Preston, UK
East Dunbartonshire Dementia Clinics	Health	East Dunbartonshire, Scotland
<i>Developing Markets for Third Sector Providers</i> program	Social services	Glasgow, Scotland
Scottish Land Fund	Socio-economic d'ment (towns)	Glasgow, Scotland
CANADA		
Chantier de L'Economie Sociale	Socio-economic d'ment (State / Province)	Montreal, Canada
Center for Social Innovation's Community Bonds	Social innovation & capacity building	Toronto, Canada
Social Innovation Generation	Advocacy & capacity building	Toronto, Canada
USA		
<i>Public & Collaborative: Designing Services for Housing</i> program	Housing	New York, USA
Independent Transportation Network America	Transportation	Portland, USA
El Carillo Studios	Housing	Santa Barbara, USA

The majority of the interviews were completed in May 2013, with an additional three in November 2013. Forty of the interviews were conducted face-to-face across eight countries, and six were via Skype. Interviews averaged one hour and 26 minutes in length - with the longest being 188 minutes, and the shortest 51 minutes. All interviews were audio recorded.

To triangulate the views of those involved, and help reduce bias that may result from relying on one person's account, multiple perspectives were sought in each case. This was achieved in 17 of the 24 cases - with six including interviewees from three different entities, and eleven including interviewees from two different entities. In seven cases, only one of the entities involved in the social innovation assemblage participated, although in two of these two representatives of the same entity were interviewed.

Available printed and website materials were reviewed for each of the cases prior to the interviews; any additional material provided by interviewees on the day was subsequently reviewed; and most interviews were conducted at the site of the representative's organisation, also providing some contextual information. Together these provided additional triangulation elements that were drawn on in analysing the data. This triangulation of perspectives is an important component of the research design, as the focus is on the social innovation assemblage, and so the collaborations and partnerships involved are a central element.

As a first step in the analysis process, the case examples were again characterised according to the two broad criteria listed above (i.e. that the activity was enabled by the public sector in some way; and that there was evidence that multiple 'ways of organising' were being used to achieve this). The assessment of this was now refined to incorporate additional insights generated from the fieldwork research data, and to determine how the activity could contribute to demonstrating elements of one or both of the frameworks being explored.

At this stage, it was decided not to progress three of the case examples because:

- the national agenda of Social Innovation Generation (SiG) is high-level and I was not able to establish enough contact with specific activities. The interviewees were the Manager, Lab Program and the Manager, Programs & Partnerships; they were interviewed together at the SiG office in Toronto Canada.;
- Building a Better Bristol proved to be at too early a stage of development for this study. The interviewees were the Program Manager for Economy, Enterprise & Inclusion at Bristol City Council; the Social Entrepreneur & Social Enterprise Advisor at the Bristol & Bath Social Enterprise Network; and the Director of Social Enterprise Works.²⁸ The interviews were conducted separately at locations around Bristol, UK.;
- and the Local Authority involved with the R-Urban project had become a major barrier, rather than playing an enabling role. The interviewees were the two Founders / Directors of the initiative. One was interviewed at their office location in Paris, and the other at the site of the initiative in Colombes, Paris.³⁰

Many interesting and useful insights were gained through the semi-structured interviews and the resulting material, covering the final group of 21 case examples, shaped the subsequent stages of the research process.

2.3.2 'User group' input research agenda

Reflecting the generative aims of the study, the second data gathering activity was designed as an engaged research activity. Two 'user groups' were involved in an iterative exercise that then informed the subsequent research activities. Focus groups were chosen as the primary method for this research activity as this format allowed participants to reflect on their own experiences in making sense of the theoretical material, and as it facilitated peer-to-peer learning and discussion between participants. The focus groups were held during October

²⁸ Other sources drawn on: Bristol City Council n.d.

³⁰ Other sources drawn on: Petrescu 2013.

2013, and both were co-facilitated by myself and Professor Katherine Gibson (my Supervisor). The audio recordings from the two focus groups (19 participants) and three interviews were thematically analysed.

In effect, the focus groups were a 'sense-making' exercise, where participants' input was sought on the practical usefulness of definitional concepts and on the multiple perspectives on social innovation offered. Both groups were taken through material covering: the core definitional concept of the integrated nature of social innovation; demonstrations of the two frameworks and language tools, characterised using initial snapshot case studies based on some of the interviews; and discussion of the notion of 'clumsy solutions' (Verweij et al. 2011) for organising in relation to social innovation assemblage. Each section was followed by a whole group discussion that also drew on participants' own experiences, and provided opportunities to reflect on how the material provided related to this. In this regard, the focus groups also provided opportunities to observe whether and how the language and thinking tools provided may contribute to shifting the subjectivities of the participants involved.

The data gathered through this research activity is integrated at several points throughout the thesis: in Chapter 3 – around the usefulness of characterising various aspects of social innovation using the two 'sense-making' frameworks; in Chapter 4 – around opportunities for public sector enabling related to socio-economic procurement policies and strategies; and in Chapter 9 – around challenges and openings for enabling social innovation assemblage through policymaking.

2.3.2.1 Public Sector Officers' 'user group'

The first 'user group' was comprised of Australian public sector officers. Input from this group was gained through a day-long workshop, and through interviews with three key informants (who were unable to attend the focus

group). The supplementary interviews were conducted at the offices of the interviewees and ranged from just over an hour to one-and three-quarter hours in duration.

The specific objectives of the focus group research activity reflected the performative orientation of the study as a whole, being to: 1) build capacity around social innovation concepts and language, including providing content that may assist participants in their own work; 2) share knowledge and experiences amongst peers; and 3) seek their perspective on barriers and openings for enabling social innovation through public policy, and on the usefulness of the two 'sense-making' frameworks in this regard.

The intention of the first two objectives was primarily to provide opportunities for participants to learn and reflect. From a research perspective, the intention was to observe the interactions and developments in thinking that occurred through the session, and through this to gain insights into dynamics around subject positions and to inform thinking about future research methods. The final objective provided the actual data sought through this research activity, and this was also informed by the interview data from the three additional participants.

A purposive-convenience sample approach was taken to identifying participants, as I reached out through my professional networks across Australia, but particularly in the Western Sydney region, to identify potential participants. My previous roles as public sector officer and consultant to the public sector meant that I was aware of many of the contextual factors that influenced participants' work, and was able to facilitate a more detailed discussion than would otherwise have been possible. Including the second facilitator in the session (my Supervisor) helped to minimise any potential bias. The final group of thirteen public sector officers (ten in the focus group) had some current or previous experience with enabling social innovation assemblages through their roles (although some did not describe it this way themselves), and so would potentially also be able to draw on the interim study outputs to further their own work and interests. The group included officers from all three levels of government (Local,

State, national), and a range of role orientations were represented - as shown in Table 4.

Table 4: Description of Public Sector Officer 'user' group participants

Public sector perspective	Location focus	Focus of role
Senior Manager, Australian Government	National	Social investment
Officer, Australian Government	National	Funding support for place-focused social innovation programs
Senior Manager, Australian Government Outsourced Initiative	South-Western & Western Sydney	Regional coordination of employment-related initiatives
Officer, Australian Government Outsourced Unit	Sydney	Regional economic development
Officer, Local Authority	Central Sydney	Place development & community development
Senior Manager, Local Authority	South-Western Sydney	Community services & community development
Officer, Local Authority	Western Sydney	Arts development & community economic development
Officer, Local Authority	Western Sydney	Community development & place development
Officer, Local Authority	Western Sydney	Social planning & community development
Mid-level Manager, State Government	NSW regions	Transport planning & community transport
Officer, State Government	South-Western Sydney	Social housing communities & community economic development
(Ex) Senior Manager, State Government; <i>and</i> (Ex) Senior Manager, Local Authority	NSW regions Central Sydney	Place development Community services & community development
(Ex) Mid-level Manager, State Government; <i>and</i> (Ex) Mid-level Manager, Local Authority	Victoria Central Melbourne	Social housing communities & community development Community development

Participants were provided with the Participant Information Sheet, Focus Group/Interview Guide, Participant Consent Form, and a table outlining the case studies generated through the first phase of data collection.

2.3.2.2 Residents & Enterprises ‘user group’

The second ‘user group’ involved residents and enterprise representatives from a specific locality in a half-day workshop. This fitted with the thinking at this stage of the project. As mentioned earlier, at this stage I was considering that the specific policymaking domain that would become the focus for the more detailed analysis may possibly be local and regional development. The specific objectives of this research activity again reflected the performative orientation, being to: 1) build understanding about what social innovation is, and how it could benefit a specific place; 2) observe responses to the language used to convey key social innovation concepts; and 3) explore participants’ views on public sector involvement in enabling social innovation assemblages.

The intention of the first objective was primarily to provide opportunities to learn and reflect. From a research perspective, the intention was simply to observe interactions and developments in thinking that occurred through the session. Objectives two and three provided the data sought through this research activity.

A purposive-convenience sample approach was used to identify participants. Through professional contacts established in my previous role at Parramatta City Council, I reached out to potential participants in the Parramatta Local Government Area in Sydney, Australia. My familiarity with this locality through working for Parramatta City Council for seven years made this sample accessible. It also meant I was aware of many of the contextual factors that influenced participants’ work, and was able to facilitate a deeper discussion than would otherwise have been possible. Including the second facilitator in the session (my Supervisor) helped to minimise any potential bias. The final group of nine participants were chosen for: their interest in social innovation (again, many did not use this language themselves); having had involvement with public sector actors around this; and all were residents and/or representatives of local enterprises as shown in Table 5 .

Table 5: Description of Residents & Enterprises 'user' group participants

Participant description
Manager of long-running migrant & refugee support service; multi-faceted programs and broad range of participants
Resident; and founder & manager of small social enterprise supporting Palestinian community members
Manager of intellectual disability support service, including employment programs
Resident; and President of school-based Parents & Citizens Association
Resident; and Founder & manager of small social enterprise supporting local ceramic artists and providing community arts education
Resident; and Founder & manager of small grant-funded community organisation for seniors run by volunteers
Resident with prior capacity building involvement with several grass-roots local community organisations in Western Sydney region
Resident; and staff member of State-based voluntary community organisation for young people, with offices in local area
Senior staff member of regional peak body for community organisations; providing capacity building, training, advocacy, research and other coordination activities

Participants were provided with the Participant Information Sheet, Focus Group Guide, and Participant Consent Form prior to the focus group.

2.3.3 Strengths and weaknesses of the research process

The exploratory approach to identifying the case study material elicited contact with social innovation activities that together demonstrated the type of diverse characterisations I was seeking, and also the range of enabling roles the public sector can perform. These broad characterisations were central to responding to the research questions, which aimed to unseat essentialist perspectives, and therefore within the epistemological framing of the study this aspect resulted in particularly useful outcomes.

For those case studies where it was possible to only interview one person involved with the social innovation assemblage, there were limitations imposed by only having access to a single perspective. This was so for seven of the case

studies, however in two of these two different people from the same organisation were interviewed – and even this small level of triangulation helped to gain better insight. For example, one of the case studies (*e-Adept*) was also a participant in the program activities of one of the other case studies (Citymart) - and this also became useful for analysis purposes, as between the two cases I was able to draw on three perspectives.

Given the breadth of activity covered it was only possible to explore a small number of the case studies in any depth within this thesis. The process of thinking about characterisations through an ‘open stance’ resulted in the selection of an interesting cluster of four case studies, all of which have been enabled through public sector procurement in some form, for more in-depth analysis. By focusing in on a particular domain of policymaking, I was able to provide a more detailed analysis of the relationships and configurations of public sector enabling support in this group of social innovation assemblages.

As noted in Section 2.31, in the early stages of the study I was drawing on Verweij et al.’s notion of ‘clumsy solutions’ as a starting point for thinking about the governance relationships involved in the case studies. Feedback generated through the ‘user groups’ engaged research activity identified that ‘clumsy solutions’ would be a challenging concept to introduce into existing policy frameworks. To achieve the aim of strengthening the efforts of policymakers, what was needed was language and methods that could sit comfortably within the hierarchical decision-making structures and risk-averse cultures that characterise public sector contexts, *whilst also* accommodating the multiplicity of influences on and effects of policymaking. As a result of the feedback, as the study progressed I continued to explore other ways of conceptualising and communicating the governance relationships aspect. This led me to the new public governance (NPG) literature (introduced earlier), which was subsequently drawn on for further thinking about public sector roles.

Focusing in on public sector procurement and the adoption of NPG concepts to frame the exploration of governance relationships subsequently became central

to the study. The shifts these developments both required and generated created opportunities to respond to the emergent data, and to incorporate the next iteration of thinking into the more detailed analysis and the overall findings.

The 'user groups' input research activities also provided other rich data that is drawn on throughout the thesis. The challenges the public sector participants' experienced when attempting to enable social innovation assemblages were a key component of this, as were the residents and enterprises participants' perspectives on useful roles for the public sector in enabling social innovation assemblages. For a study with practical aspirations, the reality-checking involvement both groups provided was a vital component.

The focus groups also provided the opportunity to 'travel with' the two groups in making sense of the breadth of social innovation assemblages collected, from different countries, and across different policy domains. The process required taking the large and complex data set and interpreting it into the specific contexts and in relation to the interests of the participants. This was a particularly interesting exercise, as it demonstrated aspects of how shifting from a 'romantic' orientation, fixated on the scale and impact of change, to a 'baroque' imagination approach, that prioritises contextual specificity and concrete examples, can be purposefully cultivated.

In the following Chapter I develop snapshot case studies using the two conceptual frameworks to draw out the multiple layers of relationships and processes at work in social innovation assemblages, and discuss the feedback and input provided by the two 'user groups' on the usefulness of this approach.

CHAPTER THREE: Public sector enabling of social innovation – A new language of practice

One of the aims of this study is to facilitate more nuanced thinking about social innovation in relation to public sector policy. In this Chapter, the two previously outlined frameworks are put to work in analysing a series of snapshot case studies. All the case studies included involve a public sector entity, and all exhibit characteristics of integrated social innovation (generating social value whilst also improving social relations). The following discussion aims to exemplify a more nuanced understanding of the dynamics involved in social innovation assemblages. It is intentionally not evaluating the effectiveness of any aspect of the cases studies.

The two frameworks are designed to contribute to the development of weak theory in this domain, by offering more nuanced ways to describe the dynamics involved in social innovation assemblages. I suggest that this is a necessary step in working towards identifying new pathways for supportive policies and programs, as it helps to open up thinking about the multitude of different ways that enabling activities could be positioned. It also begins to reconstitute the building blocks available to those interested in enacting and building community economies.

In order to bring specificity and concreteness to each of the frameworks employed, and to facilitate cultivation of a baroque imagination, one aspect of each framework is drawn out in each case in the snapshots below.³³

Reflections from the two ‘user groups’ about the characterisation exercise and the contribution it makes to strengthening policymaking around social innovation assemblages are then discussed. The Chapter concludes with a

³³ It should be noted that many of the case studies exhibit characteristics are relevant to multiple aspects of the conceptual frameworks, reflecting the complex nature of social innovation assemblages.

discussion of the process by which the policy domain and case studies that are the focus of the following four Chapters were arrived at.

3.1 Processes of identification: Snapshot case studies

Using the two frameworks and the language tools presented in the previous Chapter, the intent is to open up ways of thinking about social innovation assemblages, and to highlight the multiple forms of diversity involved. The 'reading for difference' lens outlined previously was drawn on for this research activity (Gibson-Graham 2008a, pp.624-625). This involved identifying and making visible the economic roles of the range of actors and processes involved in generating and sustaining the social innovation assemblages featured in the snapshot case studies. By exploring and naming these, more space is created for the 'little narratives' of those involved to emerge. Opening up this space was one step in the analysis process, which led to the development of the four in-depth case studies that follow. These in-depth case studies move the descriptive process along to the next step - of using the insights gained to think differently about policymaking in support of social innovation.

3.1.1 Diverse agents and processes

This section applies the method of 'reading for difference' to identify the range of diverse economic actors and processes involved in generating and sustaining the social innovation assemblages. Most of these cases draw on diverse forms of labour, enterprise, transactions, property and finance but for clarity just one element of the diverse economies framework is draw out here. The DEF table excerpts included for each economic category provide the characterising analysis, whilst the text included with each provides the supporting descriptive material.

3.1.1.1 Diverse labour inputs enabling housing innovation

More than 40 cohousing communities have been established in Sweden, the majority in the 1980s in response to strong demand from civil society and interest from public housing authorities. One of them, the Färdknäppen Housing Community, is located on Södermalm Island in Stockholm. The Färdknäppen project began in 1987 in response to lobbying by a group of seven friends who were looking for a housing model that would allow them to live well into the second stage of life. As input to this study, one of the Färdknäppen Founders who is also a long-term resident was interviewed in her apartment, and the communal areas were toured. The Chair of Co-Housing NOW, the peak body for co-housing advocacy in Sweden, was also interviewed, and a co-housing communal dinner was participated in at his residence. Both residences are in Södermalm, Stockholm in Sweden.³⁵

In the early stages, Familjebostäder, one of three public housing companies owned by Stockholm City Council, was interested in how apartments could be designed so as to encourage 'empty nesters' to move to smaller accommodation and so help alleviate housing shortages in urban areas. Following extensive negotiations, key public sector officers at Familjebostäder agreed to work with the group on the project, including committing staff time to its development.

Färdknäppen opened in 1993, with 43 apartments and around 400 square metres of mixed common space. There are about 50 residents, the youngest resident ever was 41 and the oldest 97 years old. A range of ages is important to the success of the model. About half are still working and the other half retired - those still working bring fresh ideas and energy to the house, whilst retired residents have more time available to contribute to communal tasks.

The original group volunteered its time and was heavily involved in the intensive planning stage, including providing input to architects, project supervisors and

³⁵ Other sources drawn on: Rauscher 2013; Färdknäppen n.d.

builders on what spaces were required, how they would be used, interior decoration, through to the selection of appliances.

All residents pay rent for their own apartment and for a portion of the shared common areas. Maintenance and the costs of replacing major equipment items are included in the rental fee. All residents contribute to a cooking group and a cleaning group for a week every six weeks, with work organised around abilities. According to their interests, residents also organise social activities together. Participation is seen as more than just the tangible tasks residents engage in – it also includes contributing to a sense of community.

Residents share responsibility for cleaning common areas, an annual spring-clean, simple maintenance tasks and also tending the garden. Familjebostäder pays the Färdknäppen Housing Association for this work and the income is used to purchase equipment and furniture for the common areas, and to fund gatherings and other activities. The Association also helps with the navigation of any contentious issues between residents, through facilitating special ‘sofa meetings’ as needed. There is an understanding that people need to be supported to learn to cooperate well, and that successful sharing of commons is underpinned by negotiation.

Table 6 summarises the diverse labour inputs involved in the Färdknäppen model. This characterisation makes the community work involved visible and demonstrates its value to the ongoing success of the model, through improving the quality of life of residents and in reducing reliance on public social care services. It demonstrates how diverse labour inputs - from the public sector, private sector, the not-for-profit housing association, and individuals – have been assembled to establish a stable model that improves social relations between all those involved.

Table 6: The diverse labour inputs involved in the Färdknäppen model

Whilst they still represent a small percentage of the overall housing market, interviewees advised that interest in living communally is growing again. Familjebostäder has since built three more cohouses in the Stockholm area for people moving into the ‘second part of life’, and the ‘Färdknäppen model’ is also gaining attention internationally (for more information, see: Färdknäppen n.d.).

The DEF characterisation makes visible all the forms of labour that make this social innovation assemblage possible. Through this, greater clarity is available through which to identify how specific instances of

public sector support and enabling have contributed to different stages and aspects of the model, and could do so in the future.

3.1.1.2 Diverse enterprises reshaping care services

The SAIATU *Hospice at Home* (SAIATU) program is reconfiguring the market around palliative home care services in the Basque Region of Spain. The aim is to provide more comprehensive care for people with advanced and terminal illness, who need intensive assistance in the last 100 days of life, and to provide support to their families.

The SAIATU program was established by the Social Innovation Lab Koop, a social enterprise; and BIOEF (the Basque Country Foundation for Health Innovation and Research), a not-for-profit foundation established and financed by the Health & Consumer’s Affairs Ministry of the Basque Government to oversee the research and innovation activities carried out within the Basque Health System. The

Labour
<p>Waged</p> <ul style="list-style-type: none"> • Public sector officers • Various commercial contractors, for specific tasks
<p>Alternative Paid</p> <ul style="list-style-type: none"> • Housing Association income (in return for maintenance & upkeep by residents – used to fund amenities) • Current residents (reduced rents & living costs in return for cooking, cleaning, maintenance)
<p>Unpaid</p> <ul style="list-style-type: none"> • Founding residents (in-kind contributions to design & development) • Current residents (serving on the Association committees) • Current residents (involvement in collective activities & engaging with other residents)

interviewees for this case study included one of the Co-founders of Social Innovation Lap Koop and the BIOEF Officer involved with developing and evaluating the program.³⁶ The interviews took place at the participant's respective offices in Bilbao, Spain.

Negotiations between the initial partners and existing not-for-profits in the region resulted in the development of a social enterprise delivery model for the program. The involvement of diverse enterprise types was an intentional decision, taken to ensure the interests of citizens are at the heart of the program and to guard against the potential for cost-savings to become the primary driver at any point in the future.

Through the program, multiple forms of social value are being generated. At the most tangible level, a portfolio of in-home social welfare and companionship services have been developed that are designed to complement existing clinical palliative care services. This is facilitating the creation of new professional accreditations for this type of work. At the same time, a more community-based model of healthcare is also being established, one that better meets patients' needs whilst also resulting in more efficient expenditure of the total resources used in the integrated care process, and freeing up the time of other health care workers to focus on issues of a medical nature. The initial program is also employing people with a background in the care industries, who were out of work due to the economic climate.

Over time the model has the potential to develop a new care service enterprises specifically designed to improve end-of-life conditions for patients and their families, by involving them in decision-making, and create new employment opportunities for previously out-of-work workers. These alternative enterprises have the potential of reducing expenditure on health budgets.

³⁶ Other sources drawn on: O+berri 2012; Herrera Molina et al. 2012.

Table 7: The diverse enterprises involved in the SAIATU delivery model

The diverse enterprises involved are shown in **Error! Reference source not found.** In this case, the public sector is a co-designer and co-producer working with the alternative and non-capitalist enterprises involved. This characterisation highlights that intentionally creating markets for alternative capitalist and non-capitalist enterprises can generate effective and efficient solutions to complex issues, and that this can be undertaken with the public sector acting as an equal partner and sharing the driver's seat.

Enterprise
Capitalist
Alternative capitalist
<ul style="list-style-type: none"> • Social Innovation Lab Koop • Social enterprise delivery partners
Non-capitalist
<ul style="list-style-type: none"> • Basque Government Consumer's Affairs & Health Ministry • BIOEF • Not-for-profit delivery partners

3.1.1.3 Diverse transactions creating housing options

New York City's Department of Housing Preservation & Development (HPD) is responsible for developing and maintaining the city's stock of affordable housing. Currently the information services through which residents are notified about availability, and then apply for affordable units, are highly complex. Many potentially eligible low and moderate income residents miss out on housing opportunities as a result. Administering the bureaucratic system is also costly for HPD, drawing resources away from other uses.

The *Public & Collaborative: Designing Services for Housing* project was a co-design project initiated through a collaboration between The New School's Parsons School for Design (Parsons) and The Public Policy Lab. Parsons is part of the Design for Social Innovation towards Sustainability (DESIS) global network of design schools and universities and its experienced staff lead two student classes in applying design processes to the social focus, as well as grounding the project in current social innovation practice and theory. The Public Policy Lab is a not-for-profit organisation that differentiates its approach from mainstream

consulting services - seeing the public as its client and the agencies it works with as its partners. It actively seeks to build capacity into its public agency partners so they can explore the independent integration of design processes in future projects.

The interviewees for this study were the Founder & Director of The Public Policy Lab and the Director of the Parsons DESIS Lab at The New School – who were both involved in designing and delivering the project.³⁷ The interviews were held at the participants' respective offices in New York.

From the start, the project was different as it did not originate through the usual transaction processes of the public sector - such as an Expression of Interest, Request-for-Tender or other competitive approach. Rather, Parsons and the Public Policy Lab approached HPD with an invitation to participate in an 'open-ended strategic design process' that did not specify what the project would focus on. Once an 'agreement to collaborate' was reached, through negotiation the three partners decided that the project would focus on improving the information services around affordable unit notifications and applications.

A 'commitment to pilot' was negotiated as part of the agreement at the outset. This was considered critical to ensure that the proposals for improvements went beyond the design stage and translated into action. Having the 'commitment to pilot' included also meant that HPD assigned a senior person to the team, who was involved in all decisions and continuously 'reality checked' the proposals as they were being developed. Even though at the outset HPD did not know what it was committing to pilot, this process meant there were no surprises overall – which was an important consideration for a public sector agency.

The project team researched, designed, prototyped and developed a set of proposals for improving the information services, which included: encouraging hyper-local marketing by housing developers; supporting community-based

³⁷ Other sources drawn on: Dragoman & Kuhl 2014; Dragoman et al. 2013.

'housing ambassadors' with training and resources; forming street teams for in-person departmental outreach in target neighbourhoods; enhancing neighbourhood walk-in centres; and developing mobile service 'kiosks' and mobile apps. Embedded in the improvement proposals were various initiatives that over time would promote more diverse transactions in the neighbourhoods, through harnessing the expertise and local knowledge of tenants and not-for-profit organisations.

As a result of the project, there may be future changes to the award conditions included in the contracts of commercial developers. As part of their development agreements, these firms are required to provide an agreed number of affordable rental housing units. At the time of interview, the thinking was that the improved processes may be integrated into the strict requirements for how these units are marketed, which form part of the developers' contracts. This would diffuse the outcomes of the project, and the improvements it has generated, into the wider system.

Table 8: The diverse transactions used and proposed by the Public & Collaborative: Designing Services for Housing project

The characterisation of the transactions involved in the *Public & Collaborative: Designing Services for Housing* project provided here is quite experimental as the transactions involved are non-traditional in nature.

Table 8 shows how I have experimented with the characterisation. It shows how the non-market transactions have been used to create an opening for alternative market transactions to be established and for the existing market transactions to be improved.

The intention of the two initiating partners was that the project would provide signposting for other public sector agencies, around how co-design processes can

Transactions
<p>Market</p> <ul style="list-style-type: none"> • (Proposed) changes to contract award conditions for commercial developers
<p>Alternative market</p> <ul style="list-style-type: none"> • (Proposed) not-for-profit partners contracted to deliver information services
<p>Non-market</p> <ul style="list-style-type: none"> • 'Open-ended strategic design' invitation • 'Commitment to pilot'

be used to improve public services. To support this objective, a series of lectures, public talks and events were scheduled alongside the project to promote the use of co-design and co-production in reconfiguring public services and to promote their uptake within the local public sector more broadly. These activities had a strong focus on using co-design processes to build the capacity of residents to participate in the design and delivery of local services and amenities, highlighting their effectiveness as tools for improving social relations.

This characterisation shows public sector transactions can be thought about and structured differently. This example of a social innovation assemblage ‘in action’ also provides some insights into how traditional procurement processes can be reconfigured to generate much more collaborative, ‘share the drivers seat’ style approaches to service design. The nuance achieved through analysis of this snapshot case study helped with identifying public sector ‘transactions’ as the specific policymaking domain explored in detail in the four in-depth case studies included in Chapters 5, 6, 7 and 8.

3.1.1.4 Diverse property ownership creating access to telecommunications services

Guifi.net is a free, open, neutral and mostly wireless telecommunications community owned network based primarily in the Catalonia Region of Spain. A mixture of diverse property ownership arrangements make the Guifi.net model possible. It has over 34 993 operational nodes and about 57 270 km of wireless links – it is already the largest community network of its kind globally, and continues to expand rapidly.³⁸ The interviewee for the Guifi.net case study was the Chair, who is also one of the Founders and architects of the model. The interview took place at the office where he performs his ‘paid job’ in the IT industry, in Barcelona, Spain.

³⁸ As at July 2016 (Guifi.net n.d.).

A group of citizens established the model in 2004, and in 2009 Guifi.net was formally incorporated. The network is owned by, and open access to, all Members. The underlying principles are based on the Wireless Commons License, with the network being self-organized and operated by the Members through unlicensed wireless and open optical links.

Internet access is becoming recognised as central to freedom of expression and opinion, and other fundamental human rights. It also facilitates social and economic participation. The founding group wanted access to quality internet connections and, either dissatisfied with the service and pricing of mainstream providers or having no coverage in their rural area, self-organised to establish their own network.

Each private dwelling becomes a node in the distributed network, continuously expanding the reach as more citizens become involved. Local authorities are also acting as nodes – for example, connecting their publicly owned facilities such as libraries and schools to the network. A number are also providing access to public land or buildings on which to establish relay towers, using public sector assets to facilitate the expansion of the network.

Table 9: The diverse property ownership arrangements that make Guifi.net possible

The diverse property ownership arrangements that make up the assemblage are shown in Table 9. Utilising a mixture of property ownership arrangements, Guifi.net provides a new and alternative source of supply, and in some remote areas is the only provider available. It is reconfiguring and challenging the mainstream telecommunications market, creating diversity in the system and opening a channel for influencing much larger scale decision-making around issues like market pricing and equitable access legislation.

Property
<p>Private</p> <ul style="list-style-type: none"> • Dwellings of citizens • Collective ownership of network by Members
<p>Alternative private</p> <ul style="list-style-type: none"> • Public sector buildings & spaces
<p>Open access</p> <ul style="list-style-type: none"> • Free use of wireless telecommunications network by Members

This case shows how the public sector can support the creation and sustainability of community owned services in a domain usually dominated by commercial enterprises. It also challenges assumptions around commercial enterprises being critical to the delivery of robust and reliable services. Using an assemblage of diverse property ownership, Guifi.net is delivering a service that is free to Members and better meets their needs.

3.1.1.5 Diverse sources of finance fostering a social innovation ecosystem

The Center for Social Innovation (CSI) is a social enterprise based in Toronto, Canada that supports start-up social innovation assemblages through providing access to shared workspaces and targeted capacity building programs. Having first tested the effectiveness of its model in a leased space, in around 2009 CSI decided to buy its own property. However, as is common in the not-for-profit sector, it had trouble accessing appropriate finance for the venture and turned to an alternative financing source. The interviewee for the CSI case study was the Financial Adviser working on the Community Bonds program.³⁹ The interview took place at the Annex facility in Toronto, Canada and the communal areas were also toured.

Despite being a successful organization with a strong reputation and extensive networks it had no assets and limited cash to leverage. In Canada (and other countries) not-for-profits are restricted in how they use any profits they generate. The CSI Annex building cost CAD \$6.8 million to purchase and renovate. The public sector played a role in facilitating access to finance. The City of Toronto provide a five-year loan guarantee that allowed CSI to secure a bank mortgage for 75% of the projected value of the building after renovations, and a lower interest rate than would otherwise have been available (without the guarantee the banks offered only 65% of the purchase price and higher rates). This meant CSI needed to raise a further CAD \$2 million.

³⁹ Other sources drawn on: City of Toronto 2013.

To do this it developed a Community Bond, which provided a new finance product through which it could leverage a key resource – its network.⁴⁰ The Community Bond draws on diverse finance sources and products. Community Bonds are a debt instrument with a return and a maturity date, and are secured by a form of collateral and a revenue stream sufficient for servicing the debt – in this case, the building, and tenant rents and income from other program activities. CSI used the existing financial infrastructure in a new way, structuring the Bond so as to meet the requirements for ‘eligible investment’ status with Canada’s Registered Retirement Savings Plans (RRSP) program. This helped improve the legitimacy of the offer in the early stages, and also allowed individual investors to realise tax benefits.

Table 10: The diverse mix of finance sources that make up CSI's Community Bond

Table 10 shows the diverse finance arrangements involved in the CSI Annexe project. The CSI Community Bond demonstrates how structuring finance around a diverse mixture of sources can significantly expand access to capital for not-for-profits and social enterprises and support the establishment and growth of for-social-purpose entities and markets. This case shows the public sector providing a lynchpin ‘guarantor’ role that enabled CSI to unlock all the other contributions it was then able to assemble.

Finance
Market
<ul style="list-style-type: none"> • Mortgage for 75% of property value
Alternative market
<ul style="list-style-type: none"> • \$2 million in Community Bonds (individual investors, philanthropic foundations) • RRSP tax benefits
Non-market
<ul style="list-style-type: none"> • City of Toronto loan guarantee

⁴⁰ For more information on CSI’s Community Bond program (which has continued to evolve since the time of interview) see: Center for Social Innovation n.d.

3.1.2 Processes of decision-making and negotiation

The snapshot case studies in this section are grouped according to the ‘stage of lifecycle’ concept (described previously as the ‘organising element’). Within each of the lifecycle stages reference is also made to the two supporting elements that make up this framework – the ‘domain of social change activity’, and approaches to diffusion. Two examples are used to exemplify each element of this framework. The content included here is largely descriptive in nature, reflecting the exploratory stage of the study and the interest in ‘holding space’ for emergent insights, and which reflects the community economies ethos informing the project.

Using the two ‘sense-making’ frameworks I outline some language tools that bring a finer grain of specificity to identifying the agents and processes involved in social innovation assemblages, and a more textured approach to identifying where decisions are being made and how these negotiation points might be re-configured to generate more intentional social value outcomes. I also show a range of different ways the public sector can enable social innovation assemblages, including many ways that the ‘driver’s seat’ can be shared whilst also ensuring accountability and transparency requirements are met.

3.1.2.1 Release stage

The release stage of the lifecycle involves the collapse of rigid, powerful rules and institutions; the generation of new interactions; and the (re)combining of ideas, people and resources. Suggested policy options are those that offer approaches for sense-making around complex problems and in situations where no tangible innovation clearly exists (Moore et al. 2012).

i) Releasing social service design through co-processes

La 27e Region⁴¹ is a not-for-profit public innovation lab supported financially by the French Government and the European Union. Established in 2008, it works

⁴¹

with Local Authorities across France to introduce co-design processes into how social services are designed and delivered so as to more effectively meet the needs of citizens. The interviewees for this study were the Managing Director and three Project Officers of the initiative; plus three staff members from the Regional Council of Champagne Ardenne, who had been involved with the project over a number of months. An interview with all participants was held at the Council offices in Champagne, France. Additional individual interviews with the Managing Director and Project Officers were also held there.

La 27e Region's aim is to equip policymakers with new skills and capacities, and so improve public services across a broad range of social policy domains. By improving public services, its practical focus is on the incremental domain of social change activity. La 27e Region engages Local Authorities in designing and developing implementation plans for a specific social service improvement project. A cross-disciplinary team is established within a Local Authority, involving officers from departments that often do not traditionally collaborate. This team then works with other policymakers, elected officials, citizens and key regional stakeholders to develop scenarios around a specific social service issue.

In addition to the collaborative approach to design, the user orientation reframes issues in terms of citizen priorities, improving understanding of the perspectives of intended beneficiaries of services. The action research methods involve participants in sense-making around complex issues and, to ensure a practical outcome, 'reality-tests' whether the proposals could be feasibly integrated with existing systems and processes. It also builds the capacity of local citizens to engage meaningfully in planning around other local services. In addition to improved services, these processes generate social value through improving social relations amongst a range of local stakeholders – including through participation in decision-making that affects them. La 27e Region is a neutral actor in the process and its independence from local politics is key to the success of the model.

Different Local Authorities and their communities choose to focus on different social policy issues. For example, the Champagne-Ardenne Regional Authority's project was 'My School Tomorrow', where a broad range of school inhabitants were engaged in imagining the school of the future and in fundamentally rethinking the role of schools in communities. The Burgundy Regional Authority focused on the 'village of the future', and particularly land management practices; the Loire Regional Authority developed its 'Loire 2040' strategic plan through the program; and the Provence-Alpes-Cote d'Azur Regional Authority explored innovative approaches to addressing youth unemployment issues.

These and other projects act as demonstrations for how co-design approaches can open up often static traditional processes, reconfigure interests and resources, and engage a more diverse range of actors in meeting social needs. For policymakers, the La 27e Region case demonstrates how the release stage of the lifecycle can be enabled through co-design methods where the policy objective is to involve service users in the development of improvements and adaptations.

La 27e Region works with Local Authorities that have identified specific projects through which they are interested in exploring co-design approaches to achieve specific policy objectives. La 27e Region does not attempt to enrol large numbers of Local Authorities in a program that 'pushes' into potentially unreceptive environments. This approach to diffusing the La 27e Region co-design model builds slowly, drawing in interested parties and translating the opportunities into their contexts. By attending to the 'release' activities for each individual Local Authority in this way, the approach is building capacity and shaping new norms of practice across Local Authorities in France. In this way, the La 27e Region approach is also prompting disruptive social change, as the new practices and cultures become absorbed across the sector.

ii) Releasing social service production through co-processes

East Dunbartonshire has the highest proportion of older people amongst all Scottish local authority areas, along with a rapidly ageing population - with over 75's projected to increase by 71 percent by 2024 (EDDC interview). Obtaining services for dementia sufferers can be difficult and confusing for family members. The East Dunbartonshire Dementia Clinics (EDDC) initiative is bringing about incremental social change through an improved service that addresses an institutional void in the local care services available for dementia patients and their families. The East Dunbartonshire Partnership Lead for Dementia was the interviewee for the EDCC case study.⁴² The interview took place at the East Dunbartonshire Council offices, just outside Glasgow in Scotland.

The model is designed to support people to live independently at home or in a homely setting, including helping people keep active and engaged in their local community. Originally established as a knowledge exchange, the collaboration evolved over time into a co-production initiative that coordinates across local services. The EDCC involves the Local Authority's Social Work department, the Community Health Partnership (Scottish government designated entity), and three key local third sector service providers. Each of the partners offers bespoke information and advice to individuals through Clinics, and acts as a gateway to specialist services. Previously each acted independently, with little communication, and as a result some services were duplicated while there were gaps in other areas and little capacity to develop improvements.

The collaboration provided a vehicle for the entities involved to work together to make sense of the issues and to then reconfigure resources in new ways. For policymakers, this demonstrates how social innovation assemblages can be enabled around policy objectives that seek to open up existing processes and explore new approaches to service provision. As a result of the co-production process, overlaps have been significantly reduced, and partners now draw on each other's resources and capacities. Pressure on frontline Council services and

⁴² Other sources drawn on: Ready for Business n.d. a.

budgets has been reduced, as have hospital bed days required and the numbers of acute care cases. All of these efficiencies have been achieved while also improving the quality and effectiveness of care, and the savings made have been invested in developing further innovations. Initiatives to encourage the establishment of small niche service providers who can cater to specific needs are being introduced. Social relations between the public sector actors and local service providers have been improved. Dementia patients and their families have better access to information to inform decision-making, and service delivery options are also being improved.

The success of the model has resulted in a project with the national Joint Improvement team. This project is exploring the use of co-production models for working with people who have dementia, for replication nationally and internationally, and focuses on three key areas: co-production with hard to reach groups; peer support for and by people with dementia; and social enterprise delivery models to enable the creation of dementia inclusive communities. The national 'macro actors' involved in the project promote the expertise of the local actors, including recognising the importance of contextual specificity in designing diffusions models. This approach indicates ways in which models developed by local social innovation assemblages can be diffused more widely whilst retaining the ethos that shaped their development (St. Martin, Roelvink & Gibson-Graham 2015, p.20). 'Releasing' social service production creates opportunities for a wide range of individual participants to participate in decision-making that effects their lives, and for diverse enterprises to be involved in the delivery of care services.

3.1.2.2 Reorganisation stage

The reorganisation stage of the lifecycle involves restructuring around visions; selecting options; developing new processes; and maintaining creativity. Suggested policy options are those that offer approaches for reorganising groups around new ideas, visions and innovations, and that ensure progression to selection of an option/s (Moore et al. 2012).

i) Retaining a valued service using a re-structured delivery model

In 2011, like many Local Authorities in the UK faced with significant budgetary cuts, the Northamptonshire County Council decided it could no longer afford to keep its library services open. The *Libraries Plus* program was developed in response to local residents rallying to prevent the closures. This innovation led by the Local Authority has produced a completely reorganised way of keeping its library services viable by involving local residents in identifying options and in decision-making around the final model. The interviewees for this case study were Northamptonshire County Council's Director for Libraries; the Manager of the main library in Northampton; and the President of one of the Friends' Groups who has been instrumental in coordinating the program.⁴³ All three were interviewed together at the main Library in Northampton, UK.

In the reorganized system, the Local Authority continues to fund the service and to provide professional staff into each library, to ensure systems and standards are maintained appropriately. However, this is on a significantly reduced basis and volunteers now perform all the other functions, like customer service and daily-level operational tasks. With over 820 volunteers supporting 26 Libraries Friends groups at the time of interview, *Libraries Plus* has harnessed diverse forms of labour to keep the libraries running. Care has been taken to design roles that cover a wide range of motivations for volunteering; a time bank rewards residents with credits for their time; and they are also offered free adult learning opportunities.

As their involvement is central to the libraries remaining open, the volunteers now have a strong voice in library decision-making and the Local Authority has adjusted to a much lesser degree of control. By working closely with the County contact centre to implement improvements to how services are offered, stronger internal relationships have also been established. Libraries staff now participate

⁴³ Other sources drawn on: Locality 2013.

in aspects of decision-making they were previously not included in, and through them the volunteers' input is also drawn on.

Working together, the Local Authority and community members have succeeded in not just retaining their libraries, but improving access to them and other services whilst at the same time reducing costs. The library sites are becoming true community hubs, and interactions between people are increasing. The model is now operating in all 36 library sites across the county. This has occurred in close consultation with local residents and Friends groups, to ensure each site reflects local interests and needs, reflecting an inclusive and context specific approach to local-level diffusion. This has been made possible through re-organising existing resources into a whole new assemblage.

ii) Fostering local socio-economic development with an innovatively structured financial product

Small-medium Enterprises (SMEs) are not usually considered social-purpose enterprises, but they are a driving force in any economy. In the UK they employ 60 percent of the private sector workforce and generate 50 percent of the nation's GDP (The Funding Circle interview). Consequently, destabilisation on a large scale can have major impacts on communities at the broadest level. The borrowing practices of UK's SME sector are particularly concentrated, with 90 percent being through just five providers. This pattern of borrowing makes the sector extremely vulnerable, and therefore unsurprisingly it was heavily impacted by the global financial crisis. In this context, the Lancashire Funding Circle is bringing about incremental social change by connecting previously unconnected individuals and entities into an assemblage that is delivering substantial social value into the region. The Lancashire County Council Senior Project Officer and the Head of Communications at The Funding Circle were interviewed for this study.⁴⁴ The interviews took place at their respective offices, in Preston and in London in the UK.

⁴⁴ Other sources drawn on: Pierrakis & Collins 2013; Funding Circle 2012.

The Lancashire Funding Circle was established in 2010. It provides an improved product that addresses an institutional void experienced in the UK lending market as a result of the economic downturn that followed the global financial crisis. Its online peer-to-peer business lending platform provides access to finance independent of the mainstream banks. Sixty percent of The Funding Circle's borrowers have previously unsuccessfully attempted to secure a bank loan. Key issues borrowers experience with bank lending are the lengthy time frames (15-20 weeks), lack of contact with decision makers, and unwieldy application processes. The majority of The Funding Circle loans are filled within a matter of hours. Business owners can speak with the assessment team if they wish, providing improved participation in decision-making that affects them. The new loan product is backed by institutional and individual 'angel' investors. Lenders bid for small pieces of the overall amount sought, and indicate the interest rate they are willing to offer. The borrower's final loan package is made up of a mixture of the offers with the lowest interest rates. The opportunity to support UK-based SMEs is a strong motivator for lenders. This innovative approach to structuring available resources has been facilitated by the design of new socio-technical processes.

Lancashire County Council, located in the north-west region of England, was the first Local Authority to engage with the product, investing an initial £100,000 in the establishment of the Lancashire Funding Circle. This provides local SMEs with improved access to loans, whilst also establishing a channel for lenders to support the development of local businesses they are interested in. The partnership with The Funding Circle also connects the Local Authority with local businesses that are interested in and have capacity for growth, and opens up opportunities to influence the trajectory of that growth to create social value outcomes for the region (including promoting their emphasis on quality jobs). In this case, the Local Authority's role is as a financial backer and facilitator of local knowledge and connections.

The approach made by Lancashire County Council shows how The Funding Circle model is being diffused in a 'gathering friends and allies' style, which is based on

negotiating the adaptations to the model that are needed for it to integrate local opportunities, needs and priorities. For example, at the time of interview, The Funding Circle was going through a similar process with a university that had approached them about investing in the model and linking it to a small-business support program it offers through its community engagement activities.

3.1.2.3 Consolidation and replication stage

The consolidation and replication stage of the lifecycle involves leveraging a broad range of resources to launch, stabilise and potentially scale the social innovation assemblage. Suggested policy options are those that offer approaches for leveraging resources to stabilise successful innovations, and remove barriers to achieving scale (Moore et al. 2012)..

i) Amending regulations to replicate an innovative community transport model

The Independent Transportation Network (ITN) America was established in 2005 and is a national organisation that provides tools and resources to help communities around the country to start ITN Affiliates. The ITN America model offers a not-for-profit transportation system that provides low-cost rides in private vehicles for America's growing ageing population and vision impaired people. The Founder and CEO of ITN America was interviewed for this case study.⁴⁵ The interview took place at ITN's office in Portland, Maine USA.

Most ITN drivers are in their 50s and 60s and many use their own cars and volunteer their time to provide transport. Providing an example of a diverse labour arrangement, in return the drivers receive 'ride credits' which they can 'bank' for their own future use or make available to a family member.

For the target groups, access to personal paid transportation is usually available only through private taxi companies or publicly funded options, access to which can be limited by strict criteria (for example medical visits only, or according to

⁴⁵ Other sources drawn on: Staplin & Freund 2013.

income). ITN America's domain of social change activity is institutional, as it is reconfiguring the personal paid transportation market to establish a community transport option. The ITN America service offers flexibility and independence as it can be used for any purpose, twenty-four hours a day and seven days a week. It also offers a 'door-through-door arm-through-arm' service, designed for those with mobility issues. The increased independence and mobility benefits increase participants' influence over decisions that affect them on a daily basis.

The systems and processes the model is based on were fine-tuned and stabilised by the first Affiliate, which operates in Portland, Oregon. Now well into the consolidation and replication stage, there are ITN Affiliates in 15 cities across the US, with others in the development stage. The establishment process varies according to the different laws and regulations in each area. The public sector role in this case largely relates to removing barriers that allow Affiliates to establish and to stabilise. For example, in some cities regulatory restrictions have been removed - through having local or State laws amended, or through clarifying language in existing laws. In Kentucky a Bill that added an exemption to a specific piece of State legislation needed to be passed before local Affiliate ITN Bluegrass could legally operate. Other examples include laws and regulations that govern: offering nonprofit rides; accepting donated or traded cars; insurance availability for volunteer drivers; and competition with local taxi companies.

ii) Using planning instruments to improve and consolidate homelessness services

The Housing Authority of the City of Santa Barbara (HACSB) in California opened El Carrillo Studios in 2006, as part of a response to a growing homeless population and acting on Santa Barbara County's 10 Year *Plan to End Chronic Homelessness*. Interviews by Skype were conducted the Client Services Coordinator for the City of Santa Barbara Housing Authority, who had a long history with the project; and the CEO of Pathpoint, the core service delivery partner.⁴⁶

⁴⁶ Other sources draw on: County of Santa Barbara n.d.

El Carillo Studios is a publicly owned and managed property that provides housing for formerly homeless people, many of whom have mental health issues. It has 61 single occupancy units, all fully furnished and with free internet access; and a two-bedroom resident manager unit. Rents are set at an affordable level and are significantly less than an average studio apartment currently available in the city. Rental payments are covered by US Government Section Eight subsidy payments, and this income allows HACSB to maintain the property.

The El Carillo Studios development site was acquired by HACSB, with the development itself being funded through a collaboration between several local public organisations and philanthropists. For the development to take place the land had to be re-zoned under local planning laws. Negotiations with Santa Barbara Council resulted in higher than usual density being permitted, in return for a 'no cars' rule for tenants (to ensure parking and other traffic problems weren't exacerbated). As part of the negotiations with the Local Authority, El Carillo Studios was also purposefully designed and built to high quality standards and in keeping with the aesthetics of the area. What was previously a vacant and problematic site has been transformed into an attractive development that meets the specialised needs of its tenants.

Local non-profit PathPoint provides El Carillo Studio tenants with a wide range of support services, including helping them address issues that have caused them to become homeless. Importantly, these are consolidated on-site which has improved access and response times, and reduced crisis events. The El Carillo Studios model has established access to appropriate and affordable housing and an improved delivery model for support services, and this locates it as working in the activity domain of incremental social change. Data collected clearly demonstrate that concentrating service delivery on-site has led to improvements in the health and well-being of tenants; whilst also decreasing the use of a range of costly crisis services, including hospitals, psychiatric emergency services, the courts and gaols.

The success of the El Carillo Studios model has strengthened relationships between and increased the confidence of local organisations, and HACSB has also gone on to act as one of the lead agencies in the formation of a more formal collective impact collaboration amongst local homeless service providers, demonstrating how intensive focus on consolidation can also facilitate replication of successful models. Collaboration between the public sector agencies, led by HACSB, facilitated the leveraging of the combination of public, philanthropic and commercial resources that made the project possible.

3.1.2.4 Conservation stage

The conservation stage of the lifecycle involves the establishment of new norms, skills and efficiencies. Suggested policy options are those that offer approaches for institutionalising the innovation, ‘scaling up’ activities, and preparing to be resilient in the face of the next disturbance (Moore et al. 2012).

i) Institutionalising social innovation within regional development priorities and initiatives

The Basque region faces major social challenges and public problems - such as an aging population, globalisation, changing technology and environmental sustainability. In this climate, the potential to generate economic growth and jobs, and to assist the region maintain high levels of wellbeing and a strong social commitment, are key policy objectives. Innobasque, the Basque Agency for Innovation, is a not-for-profit organisation established in 2007 to coordinate and promote innovation across the region and across all sectors. Innobasque’s broad role is to facilitate networking, support policy development and improve understanding of innovation and its processes. A joint interview was held with the Social Innovation Program Director, the Innobasque Social Innovation Program Officer, and a Project Officer from the Matia Foundation (a program partner).⁴⁷ The interviews took place at the Innobasque office in Bilbao Spain.

⁴⁷ Other sources drawn on: Innobasque 2013; Innobasque n.d.; Ibarretxe Markuartu n.d.

With over 1000 members from public agencies, research institutions, private companies, unions, and not-for-profit organisations Innobasque is jointly funded through public and private sector contributions, and through earned income from its projects. It is an innovative public-private leadership initiative that builds on the region's strong tradition of collaboration, and performs a key role in shaping public sector policy for the region.

Innobasque Social Innovation is a program stream within Innobasque. It represents a significant system level approach to altering hierarchies that often exist between commercial and social economy sector-based development initiatives, and to reframing the significance of socio-economic issues affecting the region. The Innobasque Social Innovation approach recognises that learning and commitment at the local level are key to building the social movements that will improve or transform socio-economic issues. It is therefore based on three 'pillars of participation' designed to improve social relations at different levels: participation by local agents, guided by the principle of subsidiarity; empowerment and citizen commitment; and bottom-up processes. Their approach demonstrates that developing new norms and skills in these areas can be facilitated by public sector entities interested in building the capacity of its citizens and institutions. the Innobasque Social Innovation team, which was relatively new at the time of interview, aims to achieve its goals through assisting and promoting social innovation assemblages that involve participatory governance and cross-sector alliances.

The Innobasque Social Innovation program has been integrated into Innobasque's broader regional development strategy and through this into the region's public sector policy trajectories. In this way, it is intended to stimulate activity in the disruptive domain of social change. This broader strategy actively supports and promotes enterprises from across the diverse economy to contribute to the jointly agreed and shared vision of socio-economic transformation. The multi-faceted approach is generating strategic and proactive responses to complex social challenges, improving the resilience of the region by disrupting otherwise projected trajectories of increasing unemployment and

economic decline, and diffusing its approach through enrolling the widest possible cross-section of actors. By making social innovation ‘everyone’s business’ Innobasque and its public sector partners are establishing a sophisticated approach to conserving the progress made on local economic development to date – whilst also fostering the relationships that will underpin resilience in the face of further disruptions in the region.

ii) Normalising the social economy as an economic actor

The Chantier de L’Economie Sociale (Chantier) is an independent not-for-profit organisation that was formally established in 1999. It is a network of networks that includes cooperatives and non-profits, social movements (such as the union movement, the women’s movement and others), and local community economic development organisations. The long-term Executive Director of the Chantier was interviewed for this study , in her office in Montreal, Canada .⁴⁸

At the time of interview, the Chantier had 12 core staff who draw on a broad range of input provided through various committees and working groups. Chantier’s mission is to: promote the social economy; support the consolidation, experimentation and elaboration of new projects and fields; encourage consultation between the diverse participants of the social economy; ensure the sector is represented within the public domain; and through this shift frames of reference to establish the pluralistic nature of the economy as the norm. In essence, the Chantier’s purpose is to be an agent of the conservation stage – embedding new norms, building capacities, and growing and strengthening the work of the sector at the broadest level.

Today, Chantier is fully integrated into Quebec’s institutional systems and processes. It is acknowledged by governments and other social movements as the central voice for the social economy across the province, and as an important contributor to the creation and delivery of government policy. In its participatory

⁴⁸ Other sources drawn on: Neamtan 2004; Chantier de l’Economie Sociale 2005; Elson 2008; Neamtan 2009; Neamtan 2010.

governance role Chantier represents Quebec's social economy – which is a significant economic actor, consisting of over 7 000 enterprises that are active in 20 industry sectors (such as arts and culture, food, retail, environment, collective property, leisure and tourism, information technology and communications, media, manufacturing, personal services etc.) which together employ more than 150 000 people and generate a turnover of more than CAD \$17 billion per annum in revenue (about eight percent of Quebec's GDP).

In 2008, the Quebec Government's five-year action plan also institutionalised a pathway for scaling up social economy development through a structured support program. Chantier has been the major partner in delivering this agenda - providing access to quality information and resources, forging strategic partnerships, developing research agendas, informing policy, and establishing bespoke programs that support the unique development needs of the social economy. Chantier has driven innovation and skills development in many practical aspects of social economy enterprise development - including public policy; new investment tools such as patient capital funds and pre-start up financing; new legal structures; new approaches to unionisation; and new approaches to developing markets.

In this multi-faceted approach Chantier is using incremental service and product activity domain processes, combined with market re-shaping institutional processes to bring about disruptive social change. As a 'network of networks' it diffuses its approach to sector capacity building through its members and partners, supporting them to adapt tools, techniques and training in ways that will make them most useful to their own constituents.

Due to their size and stability, many social economy organisations are now seen as an attractive market to mainstream businesses, demonstrating the success of the multi-faceted and long-running capacity building strategies. The broader normalising effect of this can be seen in the recent introduction of products and services tailored for the social economy by commercial entities. These are in competition with those offered by Chantier - for example, patient capital products

and asset development financing. Social economy organisations now have choices that previously did not exist and this has created disturbances for Chantier on a number of fronts, demonstrating that innovation does not stop at the conservation stage but enters into new phases that require further resilience and adaptability.

In 2013 ‘framework legislation’ was passed through the National Assembly. As a result, an ongoing committee focused on the social economy has been established and Chantier’s role in this has been formalised, recognising the importance of its leadership and preparing the ground for the next stage of development. This next stage was already requiring Chantier to re-enter the release phase of the adaptive cycle in some areas of its operations, as the normalisation of the social economy disrupts and reconfigures its traditional markets.

3.2 ‘User-group’ responses: Reality testing the frameworks

In this section I discuss the feedback that two ‘user groups’ provided on the language tools introduced above. The initial framework for characterising social innovation assemblages presented to both groups was similar in content to that discussed above and the final configuration of the frameworks, as presented above, was developed based on the input of the ‘user groups’ and further analysis of the cases.

Public sector agencies are often risk averse and therefore suggesting that things be done differently, or that different things could be done, can be met with a bland response at best. I was, therefore, surprised by the readiness of the focus group participants to consider the nuanced perspectives presented by the two frameworks and the language tools they offered. As the quotes and discussion below demonstrate the subjectivities of the individual policymakers themselves appeared to shift in some small way as they became familiar with the contextually relevant language I presented them with,

3.2.1 Developing a 'signposting' language

Within this study, participants in both 'user groups' identified that social innovation concepts are often presented in ways that make them difficult to engage with and apply in the context of their own work. At the core of this are obscure definitions that lack practical substance and are considered a barrier to communicating the potential for enabling social innovation assemblages. At a broad level, using the framework to illustrate each of the elements separately using the case study material helped to unpack definitions and characteristics.

The breadth of the group of case studies discussed was also considered helpful, as it demonstrated how supporting social innovation can contribute to achieving a broad range of policy objectives. In the focus groups, the variety of real-life examples presented helped to normalise new and different approaches to addressing various socio-economic issues. Increasing the availability of accessible material on existing real-life case studies could also make a useful contribution to the signposting around social innovation that one of the participants suggested policymakers (and others) are looking for:

“There’s a lot of that, waiting for [another jurisdiction] to go first and take the risk. Someone just has to do that initially – then that provides at least a signpost for others. That’s kind of the cusp we’re on now”. (Senior Public Servant, Australian Government – interview)

For the residents and enterprises group, there was also a clear recognition that language tools that promote greater understanding and depth of engagement with public sector entities would be valuable in their work. One of the participants summed up the divide many feel:

“We come from two different sides more often than not. The common language you talked about is important. . . [so] you can really discuss things in detail, and explain the perspective you’re coming from. I mean the community sector informing policy development, so the public sector has a more genuine idea about what’s needed and what others are trying to achieve”. (Residents & Enterprises focus group participant)

The public sector participants indicated that the value of activities designed to improve social relations can be challenging to convey in the conventional policymaking contexts that many work within. What seemed to provide a useful 'handle' for participants was presentation of the integrated nature of the process and outcomes dimensions as the core characteristic that differentiates social innovation from amongst other forms of innovation. One participant described how she made sense of this within her own context thus:

"Internally I've worked very quietly and under the radar, to get community participation happening in a different way in projects. For example, a developer was required to include a community garden and wanted his commitments all tidied up by [date], so he wanted to have his contract landscaping team just go in and do it. Looking at your definition of social innovation [social value and social relations] helps show why I insist the community be given real opportunities to be involved in it. Even though it's harder, because then you need to build all sorts of relationships to make that happen, internally and externally - and different kinds of relationships than what people are used to". (Officer, Local Authority – focus group)

When roles the public sector could play in enabling social innovation assemblages were discussed in the residents and enterprises 'user group', the initial response was to focus on financial support (grant funding, in particular). Participants needed to be encouraged to think beyond this. It is my experience that this tendency is evident both within and outside government, and allowing it to dominate can shut down creative thinking about other enabling approaches that may be possible.

Drawing out the range of types of support that could be offered at different stages of development allowed participants to self-identify that public sector enabling can take many forms. Examples provided by participants through the discussion included relatively simple roles, such as providing spaces for groups to meet and opportunities to network with local businesses; through to complex and long-ranging approaches, such as legislative and regulatory change. This provides openings for them to have more textured discussions with public sector agents, and potentially to negotiate different forms of enabling support, around their work in the future.

3.2.1.1 Repositioning ‘the economic’ and ‘the social’

A number of the public sector participants noted that a ‘business case’ is often required as part of the process through which they seek internal and external support for enabling efforts. They suggested that using the concepts and language provided in their own work could assist them to strengthen how they can present ‘the case’ for supporting social innovation, and to position the value of related activities more strategically within broader policy contexts. The Diverse Economy Framework (DEF) was seen as particularly useful in this regard, because it gave them ‘economic’ language through which to communicate about aspects of their work that are often not valued as highly by other stakeholders.

Interestingly, a related issue that emerged in both groups was not feeling comfortable using economic language and concepts, and feeling somewhat forced into this by the cultures and norms of their workplaces (for the public sector officers) and the processes they must navigate to gain support for their activities (for the residents and enterprises). They felt economic language can be alienating and raised concerns about what it conveys with regards to NPM-style trends and attempts to commodify social needs. This was captured by one participant:

“Economic language can present things as a dichotomy, and also be polarising”
(Officer, Local Authority – focus group)

Importantly, in light of this, participants felt the DEF is able to convey economic contributions and relationships in a way that is also meaningful and appropriate in social policy contexts. Two specific examples of DEF concepts that were presented to participants, which helped to break down aversions to economic language, are the framings of ‘markets’ and ‘profits’ developed through community economies research (based on Gibson-Graham, Cameron & Healy 2013). Markets are identified as a shorthand label for all the complexities that underpin ‘encountering others’ in order to meet our life needs; and this shorthand is shown to conceal some and privilege other types of economic actors and processes. Similarly, the language of profit obscures the variety of possible surplus flows a diverse economies lens helps to highlight.

Following this direction, focusing on the reframing offered by the DEF also initiated a discussion about the role of different types of agents in social innovation assemblages, and the influence of for-profit businesses and their potential to co-opt social needs issues for private gain. As part of this discussion, one of the participants articulated a diverse economies framing succinctly – indicating a level of sense-making around how these concepts connected with his own work:

“A business is just people, who are motivated by all sorts of things and they’re part of their communities too. In procurement, the way we deal with suppliers, it often freezes them out of being part of the solution development. They have to be kept over there, they’re just about money. You can get caught up in artificial separations and underestimating motivations”. (Mid-level Manager, State Government & Local Authority – focus group)

For the residents and enterprises group participants, the DEF proved of great interest as they could immediately identify how it could assist them to position their work more effectively with the public sector agents they interact with on a regular basis. As indicated in this quote, finding a way to convey the economic value of what are considered social issues would help to shape the direction of discussions:

“Better linking our work to the economic is really important, having that language to talk about it in that way is really useful . . . and with the social as central to how the economics are talked about. That could help to capture the essence of what we do, and to give that value in the broader context we operate in.” (Residents & Enterprises - focus group participant)

3.2.1.2 Establishing foundations for negotiations

The framework approach to identifying decision-making points and processes of negotiation was presented most fully to the public sector officer’s group and therefore most of the input on this came from that group. Participants suggested that it offered strong potential for strengthening ‘the case’ for supporting social innovation assemblages as it would allow them to be more specific about how enabling could occur, and why a particular approach was being suggested.

Importantly for those working very closely with local communities, establishing the value of activities working at different scales of change could also be supported using the framework. Using the language tools, local level initiatives can be positioned within a broader context and connected to more recognisable 'macro actors' and processes of change.

As all the participants were involved in social innovation activities in some way, most were familiar with the iterative nature of how they generally emerge and evolve. They recognised that the framework provided language that would be useful to help normalise these processes, and to convey that a broad range of types of support are possible. The discussion also acknowledged that it helped to highlight that what can seem like a small contribution in the early stages may be a vital component in a much larger capacity building process, and therefore worth engaging with.

“It’s the little wins that develop the momentum for change. It’s rare you get the big opportunity straight through. You have to create the momentum piece by piece – that’s what builds trust, builds capacity to move forward” (Senior Manager, State Government & Local Authority - interview)

There was also discussion around the roles of public sector officers, and recognition that in many instances they are seeking to support social innovation activities that have been initiated by and through communities and for-social-purpose organisations. In these instances, the framework can help convey the importance of directing support efforts towards capacity building roles, rather than attempting to control from the driver’s seat. Acknowledging where and how communities are already organising and supporting them to advocate around this can be a critical first step in re-framing the social relations involved.

“In some of those communities, things were already happening in some way or another. What we were able to do, was to kind of elevate the importance of that. Position it as mainstream for that community, and get the other government agencies that didn't have much involvement, to understand this was a strength in this community that we could help build up”. (Senior Manager, State Government & Local Authority – interview)

The framework also highlights that the entry point for appropriate enabling support is not limited to one stage or another. In particular, the public sector does not have to be in the 'driver's seat' initiating an activity to be able to effectively offer support that is appropriate to later stages of development. Depending on the nature of the activity, and what role would be most useful, it could come in different forms that match the needs at any or all stages. Otherwise independent activities may also require, or benefit from, a particular form of support at a specific point in time - to promote sustainability and / or progression to the next stage of development. Having the longer-term trajectory in mind from the outset could also help improve the viability of the activity.

“When I look back at the things we did, we did too much ourselves... The parts that continued when the government changed are the parts where we focused on supporting a sustainable structure. We should have been thinking of that sustainability up the top”. (Mid-level Manager, State Government & Local Authority – focus group)

In summary, the 'user groups' participants suggested the initial characterisation framework was particularly useful in:

- reinforcing how improvements in social relations can contribute to achieving social policy objectives broadly;
- positioning the value of smaller scale activities;
- targeting the type of support that could be offered at different stages of the lifecycle;
- identifying the range of agents and processes involved, and making their contributions more visible; and
- providing language that resonates with both, and between, social and economic policy considerations.

3.3 Starting points for a new ethos

Through the two conceptual frameworks I have established some starting points for re-framing how the public sector can enable social innovation assemblages. This includes developing more textured language tools that bring a finer grain of specificity to identifying the agents and processes involved, and to identifying where decisions are being made and how these negotiation points might be re-configured to generate more intentional social value outcomes.

As the two focus groups identified, these language tools signpost different characteristics of the social innovation assemblages, which can then be brought to the fore for different purposes – including, for example, for use with different audiences, or to communicate how they may support different policy objectives. The discussions with the ‘user groups’ participants, demonstrated that the textured and detailed interactions the language tools facilitate are useful in and of themselves. They also demonstrated how these kinds of engaged research processes can be used to build capacity and confidence, and to shift subjectivities, in a targeted way and in relatively short time frames.

The snapshot case studies have also provided insights into the variety of ways the public sector can enable social innovation assemblages, including how the ‘driver’s seat’ can be shared whilst also ensuring accountability and transparency requirements are met. These include ways that it can support others to lead assemblages, and ways it can lead itself whilst still building capacity amongst the parties involved and offering genuine opportunities to influence decision-making.

3.3.1 Selection of policy domain and case studies for in-depth analysis

The inherent inter-relationship between generating social value *and* improving social relations that characterises social innovation assemblages establishes the nature of relationships as central concerns for effective policymaking in this area

– including how participatory governance, collaborative decision-making and capacity building issues are addressed. However, with the budgets of all levels of the public sector under increasing pressure, fears that social innovation could be principally positioned as part of an ‘austerity budget’ agenda arguably carry some weight. As discussed, through this orientation potential cost savings and other efficiency outcomes are promoted in the name of generating best-value, with little attention given to participatory dimensions (Moulaert, MacCallum & Hiller 2013, p.18).

Therefore, exploring how attention to the integrated elements of social innovation might be supported and strengthened in ways that do not require significant levels of additional expenditure from public sector budgets is of particular interest. Research has identified that public sector resources and regulatory environments are often critical to determining the durability of social innovation activities over time (MacCallum 2013, p. 343). In the context of this study, this was confirmed through discussions with the interviewees involved in a number of the cases explored in the snapshot case studies included in this Chapter. Without enabling support, promising initiatives can fail to achieve their potential. Successful innovations can also flounder when attempting to navigate lifecycle stages – especially the transition from ‘conservation’ stage back into the ‘release’ stage, as social needs and other contextual factors change around them over time.

Using the frameworks and perspectives discussed and exemplified in this Chapter, four of the 21 case studies emerged as providing insights into how social innovations were being enabled in ways that largely work within existing budgetary constraints. Each example is doing this in different ways, but what emerged is that each is being enabled through a form of what can broadly be conceived as public sector procurement.

All four of the social innovation assemblages involve a broad range of diverse economic actors and processes working in unique hybrid delivery arrangements. As part of this, all four are using alternative market transactions to generate

sustainable revenue streams for themselves, and for other for-social-purpose and local level enterprises. In this way, each is operating in the institutional activity domain of social change, creating new forms of social value through reconfiguring markets. All are also contributing to bringing about disruptive social change, through establishing new norms and frames of reference and diffusing their models into the broader policy contexts in which they operate.

The cases also generate significant improvements in social relations through reconfiguring governance relationships at various levels. In particular, there is sustained collaborative interaction between the agents involved, including in the establishment of objectives and policy trajectories, and roles and identities. In a demonstration of shifting subjectivities, in each case the parties involved have been both created and transformed in the shared pursuit of generating social value and addressing complex issues (Sorensen & Torfing 2015, p.154).

In the second part of this thesis, I elaborate the starting points developed here, with reference to the policymaking domain of public sector procurement. Before presenting the in-depth case studies, in the following Chapter I firstly provide a contextualising discussion that outlines some history, trajectories, practices and challenges relevant to the procurement domain of policymaking.

CHAPTER FOUR: Enabling social innovation assemblages through public sector procurement

“A lot of public sector reform is happening around public value. And there's a good hook in there that links to social innovation. It's moving away from . . . a new public management approach - private sector knows best, lets contract everything out. The problem with that was a dis-junction around value for money - trying to do things cheaper, contracting for bits and pieces of outputs, but not getting the bigger picture outcomes. To the shift now, towards this notion of public value. . . and we need to engage more with the public to understand what that means from their point of view, and bring that back and use that to make things better, more effective, more efficient. In contracting that means, rather than saying here's a contract to do what we think is best - forget that, now it's this is the outcome we want, you tell us how you're going to do it. Moving towards much more negotiation around that”. (Senior Manager, Australian Government - interview)

As the above quote shows, there are shifts occurring inside the public sector that create openings for reconfiguring social relations and generating social value through procurement. In part because it *is* dominated by NPM-oriented policies and procedures which require high levels of documentation, public sector procurement is well placed for developing the specificity of context that sheds light on where it may be possible to make different decisions. I suggest that this makes public sector procurement a unique public policy tool for opening up a baroque imagination around enabling social innovation assemblages.

Procurement sits within the incremental and institutional activity domains of social change (as characterised by Nicholls & Murdock 212; and discussed in Section 2.2.2), as the focus is on products and services and there are opportunities to reconfigure markets to deliver social value. As the case studies in the following Chapter show, over time these can also lead to disruptive system change, but in the meantime procurement offers practical starting points for envisioning and working towards a scale of change that is achievable and within the grasp of many. As a policymaking domain, public sector procurement offers significant potential for enrolling a greater number and variety of actors in achieving socio-economic objectives by starting with ‘what we've got’ - that is, existing public sector budgets and the ongoing and extensive procurement schedules of public sector entities.

In the current climate, which has been shaped by the NPM ‘rule of markets’ culture, the majority of institutional-level arrangements between public sector entities and their stakeholders are governed by agreements or contracts of some description. Exploring how procurement decisions are made, what influences the negotiation points, and how the relationships of those involved are governed is therefore a policymaking domain ripe with opportunity for bringing about improvements in social relations that have practical impact.

Socio-economic procurement policies and practices embody the ‘co’ approaches that are inherent to social innovation assemblages. Procurement relies heavily on standardised documents, systems and processes which bring humans and non-humans into an assemblage. I suggest that combining and re-combining these in new and different ways, whilst also rethinking and reconfiguring relationships with the agents involved, is an ‘engine-house’ with significant potential for achieving social value outcomes.

I also suggest that social procurement is a powerful tool for moving aspirational rhetoric around enabling social innovation onto a practical plane. This potentiality was expressed by one of the public sector ‘user group’ participants thus:

“Social procurement offers something tangible, for communicating with the Executive and with the Council. It's hard to go to them on broader things, because the concepts of social enterprise and social innovation are so foreign. Procurement is much clearer language for them, and that means it's probably the area where we can affect the most change”. (Senior Manager, Local Authority – interview)

This Chapter provides an overview of public sector procurement as a policymaking domain. It traces some relevant historical developments, and provides an outline of key practice-based concepts that influence the shape and trajectory of activity in this sphere. As noted in the ‘reflection’ section, my professional experience has included involvement in a range of social procurement projects, some of which are mentioned in the below discussion. Whilst this experience provides useful insights on the practicalities of social

procurement and the technical processes of public sector procurement more generally – providing a foundation for deeper reflection and analysis - none of these previous projects are the focus of this study and reference is included only where relevant to outlining trajectories in this space.

4.1 Situating the social in public sector procurement practice

Public sector procurement is known by various labels, and is essentially the function within governments that ‘buys things’. Even though the public sector is recognised as a significant purchaser in any market, it is something of a ‘Cinderella area’ in academic literature, in that it receives little direct attention (McCrudden 2007, p.2). In the first section of this Chapter, I situate public sector procurement in its wider policymaking context before focusing in on the aspects that motivate this thesis.

Markets function through a wide variety of transactions involving a multitude of actors and relationships. Through the mechanism of consumer choice over where, what and for how much we buy, the market is portrayed as an efficient system for organising the interactions on which it depends. In conventional policy discourse, market dynamics are characterised as “naturally operating, like tides or weather systems” – a representation that is largely constructed on the notion that markets operate through a free flow of transactions (Gibson-Graham, Cameron & Healy 2013).

However, as this is far from reality, even ardent proponents of the ‘free market’ recognise some intervention is required and consequently governments around the world have varying degrees of power to influence the activity of market actors and the conditions in which they operate. The most obvious of these powers is direct regulation to, for example, prevent monopolies, establish and enforce environmental standards, and protect workers (McCrudden 2007, p.2). Another key role is in addressing ‘market failures’ through investing in and supporting the

development or maintenance of goods or services deemed to generate significant public benefit, but considered unattractive to the commercial sector (Mazzucato 2013; Mazzucato 2015). These functions result in governments playing a market shaping role that is unique. Portrayed as separate spheres of activity, in reality the roles of the public sector as purchaser and as market shaper often overlap – in part due to the sheer size of budgets involved, and in part due to the often unique public interest motivations it has in relation to particular products and services.

For policymakers, intentionally linking these roles is increasingly recognised as offering much potential for tackling complex socio-economic issues. In a climate of shrinking public sector resources there is also increasing pressure to generate greater value when spending public funds. These two factors are key drivers for the recent growing interest in socio-economic procurement. Far from being something new, there is a history that supports this growing interest. In promoting the public interest, procurement decisions have long been influenced by considerations that go beyond purely commercial interpretations of best-value, through which transparency, competitive neutrality and risk minimisation are prioritised.

Over time and in different jurisdictions, procurement designed to deliver more than primarily commercial objectives has attracted a range of labels. Historical terms include ‘secondary policies’ and ‘collateral policies’. However, this type of positioning can imply these approaches are somehow illegitimate or subservient to commercial considerations. Consequently, Arrowsmith suggests ‘horizontal policies’ is a better option, as this is generic enough to incorporate a broad range of economic, social, political and environmental issues (2010, pp.149-150) without attaching any implied hierarchical positioning. Horizontal policies in procurement are evident where issues that are “distinct from those achieved through the products, works or services themselves” are taken into account in decision making (Arrowsmith 2010, p.168).

Socio-economic procurement embeds horizontal policies into broader procurement decisions. Socio-economic procurement strategies and policies are designed to identify where there may be opportunities to make different decisions about how existing budgets are spent, to achieve multiple policy objectives. As part of this, they also often incorporate a focus on making decisions differently, by involving a wider range of stakeholders in various aspects of the processes involved.

4.1.1 Early history of socio-economic procurement

A useful overview of the modern history of including horizontal policies in government contracts is provided by McCrudden (2004; 2007). He identifies early attempts as having originated mostly in England, the United States and France during the 19th century. At this stage, the primary concern was with fair wages and labour conditions. For example, in 1840 a directive was issued that established the 10-hour working day as a requirement for certain US government contracts; and in 1891 the House of Commons in the UK passed a resolution specifying fair wages as a requirement. Public works were also used to address 'sudden rises in unemployment'. In 1931 *The Davis-Bacon Act* in the US required contractors to pay 'local prevailing wage rates' on construction projects over a certain size. In this case, the aim was to protect against the suppression of wages through lowest-bidders bringing in out-of-area workers willing to work for less. These types of policies were all geared towards benefiting, primarily, the majority, i.e. the "able-bodied, male breadwinner" (McCrudden 2004, p.258). In this, these early examples could be characterised as concerned with relatively simple, single-issue policy objectives which nevertheless generate social value and change social norms. These early programs were characteristic of the classical public administration style of public sector governance prominent at the time.

After the First World War, the first programs focusing on issues related to more marginal workers were introduced. This is arguably the starting point for the trajectory towards the current interest in procurement as a tool for addressing more complex socio-economic issues. It is also when the modern welfare system began to be established, and so it is unsurprising that national social and economic policies began to influence across government (McCrudden 2004, p.258). The British Government introduced measures designed to generate employment for disabled ex-servicemen, and after the Second World War this was extended into the broader population of people with disabilities. In the US, *The Wagner-O'Day Act* of 1938 created a *Committee on Purchases of Blind-made Products*. The committee advised on fair prices for 'suitable commodities' (initially, for example, mops and brooms) and the Act required Federal agencies to procure the specified products 'from non-profit agencies employing disabled workers'. The Act was revised in 1971 and extended to include 'other severely handicapped' persons and also services (McCrudden 2007, p.4; McCrudden 2004, p.258).

Beginning in the US in the 1950s and 1960s, the policy implementation role of public sector procurement was broadened further when it was directed towards racial equality agendas. Requirements to demonstrate non-discrimination were included in contracts, and later this was extended to proactive affirmative action policies and practices. These policies led to the introduction of 'set asides' for minority-owned businesses, initially aiming to 'stimulate further the development of an entrepreneurial black middle class', but also including other minority groups - *The Public Works Employment Act* of 1977 was an early example of this and required that ten percent of funds granted for local work projects be allocated to minority owned businesses (McCrudden 2007, p.8). From the 1960s onwards, anti-discrimination and affirmative action agendas were extended to include gender issues and procurement was similarly used as an implementation tool. Examples of set aside programs aiming to reduce barriers for various minority groups can now be found at all levels of government in the US (McCrudden 2004, p.260). Here we see the broadening of classical public

administration roles to include a wider range of social and economic issues, as discussed in Chapter 1.

From the 1960s onwards, as other common law countries also adopted anti-discrimination and affirmative action legislation, the use of procurement to support the implementation of related policy objectives spread beyond the US. A series of attempts and reforms in Northern Ireland, beginning in 1976, resulted in the adoption of *The Fair Employment and Treatment Order* in 1998. This made it unlawful to discriminate on religious or political grounds and imposed economic sanctions on firms failing to comply with the relatively significant monitoring and reporting requirements - in the form of exclusion from government contracts (McCrudden 2004, p.262). In 1996 Canada introduced measures that extended on the original set-aside concept through a two-pronged approach designed to encourage both an increase in Aboriginal-owned businesses bidding for government contracts, and to encourage non-Aboriginal-owned firms to subcontract their services (McCrudden 2007, p.9). In Australia, the Queensland State government introduced an Indigenous Employment Policy for building and civil construction projects in 2001. Where projects are being undertaken in specified Aboriginal communities, a minimum of 20 percent of total labour hours must be undertaken by Aboriginal people recruited from the local community and accredited training must also be provided (McCrudden 2007, p.9).

Equality agendas also drove similar approaches in countries going through decolonisation. In India, for example, an anti-discrimination principle and provision for extensive set asides for particular groups was included in the Constitution. The Malaysian government adopted a similar approach in its efforts to redress power and representation imbalances amongst the Bumiputera (native Malays), aiming to reduce the strong likelihood that civil unrest would occur (McCrudden 2004, p.261). Post-apartheid South Africa also used its new Constitution to direct aspects of procurement policy and practice. Together with overarching principles of efficiency and equity, an extensive system of 'targeted

procurement’ was established to support the redress of institutionalised discrimination and inequality (McCrudden 2007, p.8).

Whilst not the focus here, concurrently there has been significant activity around ‘green procurement’ in the public sector. Particularly since the 1990s, there are examples of procurement strategies being used to help fulfil environmental targets and commitments at the local level (Barraket & Weissmann 2009, p.4). In Local Authorities, these programs often centre on various dimensions of product specification – such as recycled and/or recyclable content. Some of these programs came to prominence under NPM governance regimes, where linking the horizontal objectives to cost savings gave them credence within that discourse.

4.1.2 More recent developments

Recognising that in many instances environmental, social and economic issues are inextricably intertwined, in recent times ‘sustainable procurement’ has gathered traction as a terminology and as an approach to organising procurement programs. This shift to an integrated consideration of objectives from across policy domains marks the beginning of a more nuanced positioning for public sector procurement as a policy implementation tool (Barraket, Keast & Furneaux 2016, p.5). This includes some attempts to introduce more network-management style approaches into traditional procurement frameworks - an example of this was provided by one of the ‘user group’ participants:

“It was important we didn’t prescribe [methods to the contractor], but work with them to identify what they could do within the guidelines. There is still a great deal of accountability in those contract agreements - but it’s against what they said they would do, rather than what we told them to do. That ties them to the objectives we included, but also to their own plan for how they would achieve them”. (Senior Manager, Australian Government – interview)

The Scottish Government has been a global leader in pioneering a focus on socio-economic outcomes in procurement, incrementally introducing stronger and

more specific socio-economic requirements into its procurement policies for many years. In 2009 the trajectory culminated in the introduction of the *Scottish Sustainable Procurement Action Plan*. In the plan, sustainable procurement is defined as: “A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole of life basis and generates benefits not only to the organisation, but also to society, the economy and the environment” (Scottish Government n.d. e). *The Procurement Reform (Scotland) Bill* was subsequently enacted in June 2014 and requires the consideration of how procurement activity can ‘improve the economic, social, and environmental wellbeing of a Local Government Authority area; facilitate the involvement of small and medium enterprises, third sector entities and supported businesses; and promote innovation’ (Scottish Government n.d. f). The Scottish model draws on ongoing and open dialogue with the social enterprise and third sectors, and includes financial and other support for capacity building programs and advocacy roles.

In England, *The Public Services (Social Value) Act* was enacted in 2012. All public authorities are now required to ‘have regard to economic, social and environmental wellbeing in connection with public services contracts’. Social value is defined as being an improvement to the “economic, social and environmental well-being of the relevant area” (Anthony Collins Solicitors 2014, p.2), and through this the Act also allows for local determination of what constitutes social value (NEF 2014, p.13). There are some limitations to the reach of the Act – such as only requiring consideration of social value ‘relevant’ to what is being procured; not including goods and works contracts; and having relatively high spend thresholds to which it applies (for more information, see: UK Government n.d.). This notwithstanding, by recognising the broader conceptualisation of value, the Act names and prioritises horizontal policies as key objectives to be delivered through public sector procurement.

The introduction of the *Social Value Act* is the result of a policy and practice trajectory that has been in development for many years, and which has been supported by capacity building and advocacy organisations. This includes Social

Enterprise UK and similar entities in most regions around the country, and the work of these organisations continues to evolve alongside the implementation of the Act. This includes the launch, in July 2014, of the Social Value Hub - a web portal that brings together resources relating to delivering and commissioning social value in the UK. It was created to assist councils, public sector commissioners and providers "... take advantage of the *Social Value Act* to deliver improved public services and cost-savings" (Social Value Hub n.d.).

In early 2014, the European Union issued significant reforms to its Public Procurement Directive that emphasise quality, environmental considerations, social aspects and innovation (European Parliament News 2014). Guidance suggests considering social and environmental matters concurrently to support a combined approach to integrating sustainability issues (European Commission 2010).

In addition to top-level regulatory approaches, there are also numerous examples of attempts to integrate various horizontal considerations at the policy and program level of procurement activity:

- at the Local Authority level some examples include: Parramatta City Council and Brisbane City Council (Burkett 2010c), and the Goldcoast City Council in Australia (Social Traders n.d.); the City of Toronto's Social Procurement Framework in Canada (City of Toronto 2016);
- at the State/Province level some examples include: The NSW Government's trial of *Social Benefit Bonds* (NSW Government n.d. b); and the *Nova Scotia Public Procurement Act (2011)*, which has as a key purpose to "promote sustainable procurement in procurement decisions including identifying and exploring opportunities to work with and support social enterprises and businesses that are owned by and who employ under-represented populations" (Province of Nova Scotia 2014, pp.1-2).; and
- at the national level some examples include: The Australian Government's *Indigenous Procurement Policy*, which was introduced in June 2015 and includes both indirect (targets and other award conditions) and direct (set

asides for Indigenous businesses) approaches (Australian Government 2015).

Intermediaries (like Social Enterprise UK, mentioned above) have had a significant impact on all these recent advancements, including more recently in Australia (for examples, of these intermediary initiatives, see: Social Procurement Australasia n.d.; Buy Social Directory n.d.; Buy Social Canada n.d.) Broadly, these entities focus on advocacy to stimulate the demand for for-social-benefit suppliers, and on capacity building to improve their market readiness. In some cases, to ensure the availability of a relevant supplier pool, purchasers are also taking a developmental role with a particular supplier or type of supplier to improve their capacity to bid for and deliver contracts. This may include offering mentoring, assistance with infrastructure development, or setting aside small contracts on which they can 'cut their teeth'. For example, Brisbane City Council's *Social Procurement Framework* included a stepped approach to bringing social benefit providers into the supply chain (Burkett 2010c, pp.11-15).

These more recent developments reflect the growing interest in harnessing public sector procurement to assist with addressing the types of socio-economic issues that social innovation policy is concerned with. The focus of this thesis is the public sector, however it should be noted that interest in socio-economic procurement and related activity is not limited to the public sector. Social procurement strategies can be adopted by any entity that is purchasing goods and/or services (see for example *Corporate Social Procurement in Australia - Social Traders* 2014).

The historical overview provided situates these developments within a long tradition of policymaking, and thereby contributes to normalising current interest and activity. Positioning current interest in and activity around socio-economic procurement as a continuation of this long history can assist with de-centring resistance to supporting social innovation assemblages. This 'nothing new' approach was described by one of the public sector 'user group' participants

as an effective approach for generating support around socio-economic procurement strategies.

“The way I present social procurement internally is that we’ve been doing this forever. Most Councils have at some point had a local procurement policy. So it’s similar to that. A new name and conceptually a bit different – but not that different really. And we’ve had tenders where we were doing it, but no-one was calling it social procurement then. My mantra is that it’s business as usual, but now we’re going to try and be deliberate about it.” (Senior Manager, Local Authority – interview)

However, despite the evidently long history and more recent advances, practical implementation and realisation of the potential of socio-economic procurement remains under-developed. Before exploring some of the factors influencing this, I outline the more nuanced conceptualisation of socio-economic procurement that is emerging.

4.2 Socio-economic procurement - Nuances and inflections

“social procurement is the acquisition of a range of assets and services, with the aim of intentionally creating social outcomes (both directly and indirectly)” (Furneaux & Barraket 2014, p.269)

The definition adopted here is based on a typology developed by Furneaux & Barraket through case analysis. However, whilst the intent of the definition is adopted, its wording I modify it to refer to ‘socio-economic’ procurement rather than simply ‘social’ procurement. I understand that this could lead to additional blurring in an already messy domain, but this choice has been made for several reasons.

Importantly, the term socio-economic procurement more accurately reflects what is actually meant by social procurement, which in all its examples is concerned with some form of socio-economic outcome/s. As discussed earlier, ‘socio-economic’ is also another name for ‘horizontal’ policies and therefore this language locates the practice within the bounds of existing and historical work,

and thus potentially helps to improve its positioning within procurement regulatory frameworks and with the procurement profession.

Socio-economic also intentionally blurs traditional silo-lines in policymaking, reflecting the orientation towards complex public issues and new trends in policymaking. In this regard, the choice of language was also influenced by the input of the public sector 'user group' participants. They identified the separation of social and economic issues and outcomes as a barrier to fostering social innovation assemblages within their remits. Clarity of intent and purpose, and adoption of language that reflects this, is therefore considered an important contributor to fostering the necessary conditions for socio-economic procurement practice to thrive. In particular, participants felt that language was a barrier in communicating with many of those who have roles (internal and external) associated with conventional economic activity, including procurement officers and others responsible for budget allocations. All of this notwithstanding, where I refer to socio-economic procurement this includes what is more commonly described as social procurement.

The design and delivery of socio-economic procurement strategies requires close-working, imagination and open-mindedness (Bovaird 2006, p.84) and a much higher degree of inter-departmental coordination, cooperation and trust than is often exhibited by conventional public sector entities (Erridge & Greer 2002, p.503). Developing a common language is a precursor to developing common objectives, and these are central to realising the potential of socio-economic procurement strategies.

The inclusion of intentionality in Furneaux & Barraket's definition also links current interests to historical trajectories, reflecting the proactive approaches evident in the affirmative action agendas enacted in the 1960s, when there was a shift away from simply seeking to prohibit discrimination through contractual requirements to a focus on promoting proactive measures (McCrudden 2004, p.260).

I am not suggesting that the language of socio-economic procurement replace that of social procurement in popular or policy use; but for the clarity it affords the discussion here it is adopted in this thesis. The efficacy of this language refinement was not tested with the two 'user groups' as the selection of policymaking domain was made after the workshops. It would be interesting to explore this further in future research.

4.2.1 Direct and indirect

Furneaux & Barraket's definition is the first to specifically differentiate between direct and indirect forms of socio-economic procurement. This distinction makes a useful contribution towards theory development specific to the field as it promotes a more textured engagement with the details of practice. Promulgation of the typology will also assist practitioners achieve greater clarity in developing and implementing programs.

The public sector, by its very nature, is engaged in a wide range of procurement activity that is inherently concerned with implementing policies designed to generate public benefit in various forms. Examples of this type of activity include procuring goods and services to provide health facilities, deliver education programs, or construct a recycling plant. This is not the type of procurement that is the focus here as it does not *intentionally* seek to generate any *additional* socio-economic outcomes beyond the delivery of the products, services or works being purchased.

However, if the procurement strategy for the hospital, education program, or recycling plant included objectives designed to create, for example, employment or training opportunities for people facing barriers to entering the labour market – then it would be an example of **indirect** socio-economic procurement. Typical approaches to indirect socio-economic procurement use award conditions to require certain behaviours of suppliers. These are sometimes called 'social

clauses' or Community Benefit Clauses.⁴⁹ The most commonly cited indirect approaches include screening supply chains for ethical considerations, and inserting employment targets for particular target groups into capital works contracts awarded via competitive tender (Furneaux & Barraket 2014, p.270). Indirect approaches focus on how a procurement activity is designed and delivered, by incorporating horizontal policy objectives into 'regular' contracts.

In Australia, we are seeing governments adopt indirect approaches through requiring the inclusion of a Reconciliation Action Plan and/or Disability Action Plan in tender responses. Indirect approaches in the form of local procurement programs are also increasingly popular amongst Local Authorities in Australia. For example, the City of Gold Coast supports its policy objective of a 'competitive local business and industry' through: 1) issuing requests for quotation for contracts with a value under \$200 000 AUD to businesses with a local branch office first, before going to the wider market; 2) including a sliding-scale weighting of up to 15 percent for local, regional, intrastate and interstate suppliers; 3) allowing a 15 percent pricing advantage on contracts under \$1 million AUD for local businesses employing a minimum of 10 full time employees; and 4) a two percent weighting related to the Gold Coast Business Excellence Awards (McNeill 2015).

Direct approaches to socio-economic procurement involve purchasing from various types of for-social-benefit entities (Furneaux & Barraket 2014, p.270). For-social-benefit suppliers are organisations and enterprises driven by a primary purpose that revolves around delivering socio-economic outcomes - including entities that are owned by groups or people who are considered marginalised or socially excluded. By virtue of their purpose and/or ownership

⁴⁹ Community Benefit Clauses are those criteria included in tenders that require demonstration of how "... targeted recruitment and training, small business and social enterprise development and community engagement ..." will be achieved (Scottish Government n.d. a).

structure, for-social-benefit suppliers are resource generators for and resource distributors into community economies.

For-social-benefit suppliers include, for example: nonprofits; social enterprises; Australian Disability Enterprises; Aboriginal-owned businesses; social businesses; worker owned cooperatives; community owned cooperatives (McNeill 2015, p.3); and the emerging Fair Shares 'solidarity cooperative'⁵⁰ and B-Corps⁵¹ models. Direct approaches often take the form of 'set-asides' and other corralling techniques designed to build capacity amongst particular types of suppliers. Many of the early examples of socio-economic procurement activity outlined in the historical overview fit into this category.

An example of how the NSW Government in Australia shifted its policy emphasis from an indirect to a direct approach is outlined in Figure 3.⁵² The reasons for reviewing the original policy and the intended impact of the shift from an indirect to a direct socio-economic procurement strategy demonstrate the growing recognition that direct forms of socio-economic procurement are well suited to enabling social innovation assemblages.

⁵⁰ See: Ridley-Duff 2015; and FairShares Association n.d.

⁵¹ For more information, see: B-Corporation n.d.

⁵² The description is a modified excerpt from McNeill 2015, (pp.6-7); for the policy itself see: NSW Government 2015.

Figure 3: NSW 2015 Aboriginal Participation in Construction Policy

NSW 2015 Aboriginal Participation in Construction (APIC) Policy

The APIC came into effect on 1st May 2015, replacing two earlier versions. It applies to all subsequent relevant NSW Government construction contracts and supports the NSW Government Plan for Aboriginal Affairs: Education, Employment & Accountability (Opportunity, Choice, Healing, Responsibility, Empowerment). It is intended to contribute to four of the key policy aims outlined in this Plan. One of these aims is increasing the number of Aboriginal-owned businesses in the NSW Government supply chain. The approach was developed in response to experience with the implementation of the previous policy, and feedback from both Aboriginal communities and the construction industry. An emphasis on skills development and employment in the previous policy meant Aboriginal people were being trained, sometimes multiple times on different construction projects, and allocated to primarily short term entry-level positions to meet quotas and the like. The unintentional skewing affect the policy was contributing to became evident. Through the review process projects where positive and longer-term outcomes were achieved for Aboriginal communities were examined and it was identified that these often included a deliberate strategy to encourage the participation of local Aboriginal-owned businesses. Aboriginal-owned businesses employ a high percentage of Aboriginal people, and the earnings generated flow in large-part back into Aboriginal communities. The opportunity to design the policy to deliver real jobs and real skills through explicitly encouraging Aboriginal entrepreneurship, and business development in particular, was identified. The new policy has shifted the emphasis, moving from applying an indirect to a direct form of socio-economic procurement to generate the desired outcomes.

4.3 New public management critiques of socio-economic procurement

“A big challenge for social procurement is the perception that somehow you are breaking the rules of governance”. (Senior Manager, Local Authority – interview)

Since the 1980s, NPM-style approaches to governance have been the driving force shaping public sector policymaking in Westernised democracies. As discussed in Chapter 1, this approach is characterised as ‘a child of neo-classical economics’, which relies on “some combination of competition, the price mechanism and contractual relationships” as the primary governance mechanisms (Osborne 2006, p.382). The limitations of NPM as a governance

framework in the ‘increasingly plural world’ in which public sector agencies now operate are widely accepted (Mulgan 2009, p.186-187; Osborne 2006, p.380).

In the current context, there is growing recognition that policymaking must find ways to repair the ‘fragmentation of governance capacity’ that has resulted from decades of NPM ascendancy and it is suggested this will be at least partly achieved through facilitating greater coordination and collaboration between agencies, and with external actors (Koppenjan & Koliba 2013, pp.1-2). The growing interest in socio-economic procurement responds to this challenge and also offers a specific policy domain and tangible processes through which aspects of this reparation can be developed.

However, the majority of public sector procurement activity remains very much situated within the NPM ‘efficiency’ paradigm. As a result, public sector procurement is driven by fairly narrow conceptualisations of best-value, and also with minimising risk. In practice, this translates into policies that are driven by a fixation with achieving transparency of process, competitive neutrality and lowest cost. From this perspective, there is an assumption that the inclusion of socio-economic objectives will increase risk and compromise the commercially-oriented best-value imperative. The tensions and challenges this view creates internally were captured by one of the ‘user groups’ participants:

“Recently there has been some quite tense internal debate about a particular contract. There's been argument that you're basically skewing the tender towards certain providers if you put social value outcomes into the contract. Yes, you are - but no more than you would be if you're saying we want these particular business outcomes. Provided they're going to get you the product you actually want - if a social value outcome is possible, then how is that any different to a financial result? And also how is it different from some of the environmental clauses that get included? Or the insurances we require people to have - they often preclude sole traders and small businesses from tendering. But there is resistance to thinking this way from procurement staff”.
(Senior Manager, Local Authority – interview)

This perception runs deeply, despite the fact that as yet there has been little research undertaken into whether “properly structured procurement projects directed at achieving socio-economic goals within regulatory and commercial

constraints” actually do have increased costs or reduced transparency (Erridge 2007, p.1027). The lack of evidence notwithstanding, these perceptions raise significant barriers for those seeking to design and implement socio-economic procurement strategies. At the core of this is the interpretation that the requirement to achieve best-value is most effectively sought through lowest cost. Best-value is an overriding issue for all procurement functions, however this equating of value with cost is clearly influenced by the prevailing NPM paradigm.

The narrow focus is acting as a serious constraint to developing a more complete understanding of what may actually constitute best-value when seeking to achieve socio-economic objectives through procurement (Barraket, Keast & Furneaux 2016, pp.24-25). To effectively probe this issue, in-depth and longitudinal comparative studies would be required. What is useful to this discussion is establishing the trajectory of developments in this area.

At the broad level, public sector policy now shows some concern to finding ways to generate combinations of outcomes across policy domains, and from existing albeit dwindling budgets. The growing interest in socio-economic procurement has developed iteratively alongside these broader shifts in thinking about best-value and ‘value for money’. A more integrated interpretation of value - that incorporates social, economic and environmental dimensions - is evidenced by the recent developments in procurement regulation and practice outlined above.

In this vein, current best-practice representations of value in procurement take into account opportunities that arise across the full spectrum of the procurement process. These include: fitness for purpose; the experience and capacity of the purchaser; reliability; timeliness; delivery; innovation; product servicing; added social, economic and/or environmental value; creation of strategic partnerships; contribution to meeting other policy objectives; and costs and benefits over the life-cycle of a product or service (NEF 2014, p.7; Newman & Burkett 2012, p.14). There is also growing awareness that perceptions of value are subjective, and therefore generic top-down prescriptions may not reflect the interpretations of those affected (Young 2006).

However, what is apparent is that there is a dissonance between these high-level developments and the daily level processes and practices that public sector procurement staff are immersed in. In particular, processes and practices that are driven by NPM-style competitive contract approaches to delivering best-value are being 'allowed to trump outcomes' by embedding requirements that create barriers for many for-social-purpose suppliers (and indeed many small businesses) – such as: many are unfamiliar with the jargon involved, particularly when the founder comes from a minority background; lack of history creates a 'catch-22' to getting a foot in the door; lack of accessible and agreed processes for measuring social impact, or the 'added social value' generated; requiring multi-year plans, which can stifle innovation processes; and tender documentation that focuses on outputs rather than outcomes (Boelman et al. 2014, p.12). These approaches assume that by design, competitive tendering satisfies probity requirements through ensuring neutrality and transparency. How public sector procurement staff struggle with this dissonance was described by a 'user group' participant:

"Most of the issues public servants deal with in contract management are about what's in the contract. For the most part, there are very few flexible contracting arrangements. It's traditional types of contract, and it's all about managing that contract. It's still seen as a battle around compliance, accountability, who's running the system. So stick with things that are known and that there's a formula for. Don't take risks, know what you know, manage it well, avoid any fall out, keep things contained. To change that, you need to change the culture of accepting that risk". (Senior Manager, Australian Government – interview)

The introduction of more integrated forms of value into procurement objectives is starting to influence more collaborative and cooperative approaches to the design and delivery of procurement strategies. This includes working with larger numbers of actors, both internally and externally, and with different types of entities (Bovaird 2006, p.82). In this context, competitive approaches to achieving neutrality and transparency act as barriers to thinking about where there may be opportunities to achieve horizontal and multi-faceted objectives, including through involving diverse actors and establishing more relational governance mechanisms.

Acknowledgement of these challenges should not diminish the roles that transparency and neutrality play in upholding the public interest. What is at question here is how these are achieved under NPM regimes, and whether there are different approaches that may be better suited to the current climate and in relation to particular policy objectives. To explore this question, some clarity around current approaches is a useful starting point. To this end, some tools and processes designed to achieve transparency and neutrality that are commonly used by procurement practitioners are introduced below.

4.3.1 Identifying decision-points in the procurement cycle

Those not inculcated into the procurement profession often use a number of different terms interchangeably to describe the broad spectrum of activity involved. The most common of these are commissioning, procurement and purchasing. Up until this point, I have used procurement as a blanket term encompassing all of these activities. However, within the procurement profession these different terms have specific meanings and so some clarity is important for positioning the discussion within this policymaking domain.

Aggregating the different components of the procurement process also obscures where decision-making points lie, and therefore the ability to identify what assumptions are influencing the choices being made. Becoming specific about all the steps where different decisions could be made and/or decisions could be made differently is central to opening up thinking about possible alternative approaches, and therefore to this thesis. A useful starting point for this exercise is the procurement cycle, as procurement processes are generally organised at the broad level using this overarching tool. A generic procurement cycle diagram is shown in Figure 4 (Source: NSW Government n.d. a).

Figure 4: A typical procurement cycle



Most public sector agencies and entities would make some adaptations to this according to their specific circumstances, but with minimal impact on the overall steps in the process. In practice, there is also some overlap between stages and activities - but for the purposes of advancing the discussion, the classification here is sufficient. The cycle is divided into three broad stages that cover the spectrum of activity involved in buying goods, services or works. The stages and activities are: **planning** – analyse business needs, analyse and engage the market, finalise the strategy; **sourcing** – approach the market, select suppliers, negotiate and award the contract; and **managing** – implementation, contract management, renewal.

Commissioning is another name for the planning phase of the cycle and as such the concerns at this stage are primarily with big picture, strategic issues – such as needs identification, specifying relevant policy objectives, and developing

an integrated and nuanced best-value proposition for the activity. However, the reality is that procurement teams are often under-resourced and as a result the commissioning phase is rarely utilised to its full potential (Ready for Business interview). Starting too late in the overall process is a common issue, and this limits the ability to properly work through options for what is actually needed (e.g. is it more street cleaning machines, or a new type of paint that gum doesn't stick to). In some cases, the needs analysis may simply be copied across from the previous contract with no updating or further input. Lack of consultation, internally and externally, around what may be possible in relation to socio-economic objectives for a particular activity is also common. To minimise any potential influence of process or outcome, contact with prospective suppliers is restricted at this stage – as this is equated with achieving neutrality. Initial research into supplier capabilities is often undertaken via desktop research or – as Citymart identified through its market research (see Chapter 6) by relying on existing knowledge and networks. These factors lead to the inclusion of narrowly specified goods, services or works in contracts that leave little room for variation or innovation.

What is usually referred to as **procurement is undertaken during the sourcing phase**. The focus at this stage is on detailed market research into available solutions and supplier capabilities, designing the specific tender and contract conditions, and negotiating the award of the contract. The impacts on socio-economic procurement are perhaps most obvious at this stage as a suite of NPM-tools are often relied on to deliver transparency and neutrality. It is usual for a procurement department or team to have a series of generic templates that are used as a starting point for developing the Request for Tender and the Tender Evaluation processes that are core to this stage. Examples of how these issues translate into practice include: designing contract deliverables around specified outputs, rather than outcome statements; the close specification of award criteria, and use of pro-forma Schedules to capture responses to Requests for Tender; a narrowly defined value proposition, with price weighted heavily as a key determinant; the inclusion of generic supplier qualification requirements, not

tailored to the specific contract; and the inclusion of standard risk management clauses, which can be overly onerous for the purpose. Limited contact with prospective suppliers is allowed at this stage, but must usually be confined to responding to specific queries related to the tender content or process. Any responses given are then made public, to ensure transparency and that no advantage is gained.

Purchasing is generally equated to the managing phase and as such is highly technical in focus. At this stage the concern is with upholding the contract award conditions, ensuring the outputs and outcomes purchased are realised, and providing input to the next cycle based on experience gained with the current contract. Regular contract management reviews are the main tool used during this phase. But the reality is that even when reviews are managed as more than simple 'tick-box' processes, the focus is often on micro-managing input costs and low-level outputs – with little attention being given to the bigger picture, including performance around horizontal policy objectives. Monitoring delivery against socio-economic objectives is notoriously difficult and procurement staff are often unequipped to make judgements as to performance in these areas (Burkett & McNeill, 2017). Capturing input to be used in the planning phase of the next contract is also often limited, and useful knowledge can be lost when key team members leave or move to other roles.

As this discussion outlines, NPM-style procurement policies, systems and tools can limit thinking about where and how socio-economic procurement strategies could be used. However, shifts occurring in the public sector offer openings for considering how the challenges for socio-economic procurement could be re-positioned within broader policy frameworks. More holistic notions of what constitutes best-value, for example, and also the emerging NPG frameworks open up opportunities to integrate socio-economic procurement strategies into social innovation assemblages and to harness their potential for addressing complex public issues.

4.4 Openings generated through emerging new public governance frameworks

Procurement is but one domain within public sector policy and as such is subject to the influences of wider trends affecting the public sector. As discussed, one of these trends is the broadening of the notion of best-value. These developments are seeing public sector procurement having to move towards an understanding that primary commercial objectives are best served through improving the *effectiveness* of spending across multiple policy domains, and beyond relatively simplistic input-output efficiency considerations. This is the essence of what socio-economic procurement has to offer, and therefore these broader developments will no doubt deliver significant opportunities through which the field will develop and deepen.

A recent key contribution to improving understanding of socio-economic procurement new public governance (NPG) literature to conceptually strengthen this field (Barraket, Keast & Furneaux, 2016). As Barraket et al. suggest, the nascent emergence of NPG concepts offers much potential for advancing this extremely under-theorised area of practice within public sector procurement. I adopt their schema in this, and in the remainder of this thesis integrate NPG into the 'thick description' analysis technique to explore specific examples of socio-economic procurement that involve diverse social innovation assemblages. In doing this, I build on the foundations laid by Barraket, Keast & Furneaux, and bring a finer grained lens to exploring the usefulness of NPG theory in this context.

As introduced earlier, NPG is characterised as a mixed-modes policy discourse that combines aspects of the classical public administration, NPM, and network-management governance modes. Objectives and methods from each mode overlap and merge, in unique combinations designed to meet the needs of specific contexts (Koppenjan & Koliba 2013). Rather than a linear progression from one mode to the next, public sector policymaking is operating in an emerging

environment that incorporates elements of all three. Consequently, the NPG mode is characterised as hybrid, assemblages-driven, and with a strong focus on network development and management.

Following Barraket, Keast & Furneaux (2016), I suggest that these characteristics make NPG approaches well suited to forming and governing relationships in social innovation assemblages, and particularly those that involve socio-economic procurement. The participatory aspects can contribute to improving social relations – around determining what effectiveness looks like in public sector context through developing more nuanced perspectives on social value. If NPG frameworks emerge more strongly and at a broader level in the public sector, this will likely create opportunities to deepen understanding of the existing and potential role of socio-economic procurement as a policy implementation tool. The slow pace of uptake and the tentative progress to date have been at least partly due to a perceived lack of legitimacy in the dominant NPM climate. NPG therefore also offers an appropriate ‘policy-home’ for socio-economic procurement, which could help establish a more robust positioning within broader policy frameworks.

The nascent rise of NPG is also seeing priorities and methods characteristic of network-management governance frameworks spread more widely within the public sector, including into the traditionally NPM-dominated domain of procurement. These include: an emphasis on consultative and participative processes; collaboratively determined value propositions (Erridge 2007, p.1031); developing robust and long-term relationships with suppliers and other stakeholders (Bovaird 2006, p.97); and inter-departmental and agency cooperation (Klijn & Koppenjan 2012, p.599). The reality that these developments must work within and around the existing NPM-style culture, systems and practices is characteristic of the NPG mode of governance. Whilst this reality undoubtedly creates tensions, it also offers many openings through which socio-economic procurement processes and methods can be developed and refined.

Beyond the practical day-to-day level of processes and methods, identifying and enrolling the diverse assemblages that *are* socio-economic procurement also creates openings for thinking differently about resourcing at a broad level. Socio-economic procurement offers far greater potential in this regard than any efficiency gains that may potentially be achieved through the purely NPM approaches associated with austerity budgets and the like (Bovaird 2006, p.97). An NPG orientation to procurement opens the door and lights the way for the multitude of cross-sector contributions needed to develop the creative and inspired solutions which are in turn needed to address complex socio-economic issues. In the current budgetary climate, it will be essential that public sector procurement moves beyond NPM-style hierarchical processes and relationships and finds ways to 'work into' and support the development of these hybrid assemblages.

4.4.1 Socio-economic procurement in practice: Introduction to in-depth case studies

I have primarily focused on the opportunities NPG-oriented approaches offer for redressing some of the drawbacks of NPM-style tools and techniques. However, in a mixed-modes context, NPM has something to offer NPG policy frameworks by bringing structure and process to network-management-style processes of engagement and dialogue (Barraket, Keast & Furneaux 2016, p.127). Klijn & Koppenjan argue that NPG-oriented institutional assemblages will be most effective when they adopt "hybrid governance structures and practices, in which hierarchical, market and network arrangements are combined" (2012, p.600).

The social innovation assemblages analysed in the four in-depth case studies presented Chapters 5-8 provide insights into how these types of hybrid governance structures are working in practice. In different ways, public sector procurement is facilitating intentional negotiations in each, and in each case network-based delivery models are being used to achieve a range of horizontal policy objectives. The discussion of the cases identifies the variety of ways in

which public sector procurement is strengthening social innovation assemblages, and how the 'driver's seat' is being shared in each case. In each case the network-assemblage is coordinated by a for-social-purpose intermediary organisation using mixed-modes NPG frameworks, and these are delivering the required balance between accountability and flexibility.

In the following Chapters, I develop the in-depth case studies, using the concepts and frameworks developed and discussed thus far. The four social innovation assemblages featured in the case studies are: the Scottish *Developing Markets for Third Sector Providers* program; Citymart's global procurement model; the social enterprise Fusion21, based in Liverpool in the UK; and the Belgian social enterprise KOMOSIE. At the time of interview, the entities ranged in age from four years to over 25 years, and were at different stages of development in their respective life-cycles. This spread provided opportunities to demonstrate how the public sector can enable social innovation assemblages across time and within shifting political contexts.

Each case is approached through a 'reading for difference' lens, using the Diverse Economies Framework (DEF) to highlight the economic practices and relationships involved. Using the 'thick description' analytic I identify how structural relations are being reconfigured in ways that 'enlarge the space of agency' available to the actors involved (Gibson-Graham 2008a, p.626). Through the analysis, each case contributes to improving understanding and opening up thinking about how public sector agents can 'share the drivers seat' in governance and decision-making whilst upholding their core 'public interest' responsibilities. Rather than providing a critical analysis that attempts to essentialise characteristics and relationship, the aim is to create and hold open space for imagining how these always becoming assemblages can help us think about the role of policymaking and the State in community economies research.

CHAPTER FIVE: Opening markets for social innovation assemblages

Social innovation assemblages in the 'release' stage of the lifecycle are involved with the collapse of rigid, powerful rules and institutions; the generation of new interactions; and the (re)combining of ideas, people and resources (Moore et al. 2012). The *Developing Markets for Third Sector Providers* (DMTSP) program in Scotland⁵⁴ provides an example of a social innovation assemblage intentionally designed to bring about this type of release.

In its early stages, with the current form established for around 18 months at the time of interview, the DMTSP program uses commissioning processes to reconfigure markets around social services and generate additional value from existing procurement budgets. The three interviewees for this case study are all representatives of the organisations delivering the DMTSP program: the CEO of CEiS, who is also a Director of the Social Value Lab; the Ready for Business Program Manager; and the CEO of Social Firms Scotland. The interviews all took place at their offices in Glasgow, Scotland. These organisations are discussed further below.

In the following analysis, I demonstrate how the public sector has supported the opening up of existing, rigid structures to enrol new and diverse actors in sense-making around complex socio-economic issues, and how it has collaborated to bring this about. Through the innovative responses generated, most of which are based on co-design and co-delivery methods, the social relations dynamics between service providers and citizens are being improved. This includes capacities for involvement in the types of participatory governance and network-based collaborations that social innovation assemblages rely on.

⁵⁴ What is referred to as the 'third sector' in the Scotland and the UK is the equivalent of the 'social economy', discussed in the in-depth case study on KOMOSIE at Chapter 8. It includes not-for-profits, social enterprises, community owned cooperatives, and some worker owned cooperatives

5.1 Policy context and background

The DMTSP program was established in early 2012 and was designed to support the implementation of the Scottish Government's broader Procurement Reform program. The Procurement Reform program is a key element in Scotland's long trajectory around sustainable procurement. This trajectory has recently seen the introduction of the *Procurement Reform (Scotland) Act 2014* – which positions procurement as a key tool in bringing about Scotland's economic recovery, through using the power of public spending to deliver genuine public value that goes beyond simple cost and quality considerations. This is a significant milestone in the long-term strategy to move the nation into a non-lowest-cost procurement framework. By law, consideration must now be given to the potential economic, social and environmental wellbeing that could be generated through all public sector procurement activities.

However, reflecting a strategic approach to conceiving and implementing policy, the DMTSP program was designed to deliver on more than just this one set of horizontal policy objectives. Alongside the Procurement Reform work, action on the findings of the earlier *Commission on the Future Delivery of Public Services* was also progressing (Public Services Commission 2011). The central theme of the findings was the need for a strong emphasis on preventative approaches in social services delivery. Closer collaboration with communities and individuals around the design and implementation of appropriate models was identified as a critical component for moving towards this objective.

At the same time, work was being progressed on the development of the *Community Empowerment (Scotland) Act*, which was subsequently introduced in 2015 and 'helps to empower community bodies through the ownership of land and buildings, and by strengthening their voices in the decisions that matter to them' (Scottish Government n.d. b). This Bill further strengthens policy directives that include support for building the capacity of third sector organisations to engage with and serve the needs of their constituents. By opening markets for

third sector organisations, the DMTSP program is also contributing to the objectives established through the enactment of this Bill.

Close relationships between third sector suppliers and Local Authorities and Scottish government agencies were clearly needed to integrate these three key national policy directions. In particular, opportunities to work more closely together in the design and delivery of social services was seen as central. As a result, the Scottish Government instigated the *Opening Up Public Sector Markets to the Enterprising Third Sector* initiative to help address some of the barriers purchasers were experiencing (for more information, see Scottish Government n.d. d). In particular, the barriers identified included a lack of knowledge about third sector organisations and their capabilities, and about how to integrate social value outcomes into specific contracting opportunities. I selected this case as it provides an interesting example of a strategy intentionally designed to foster 'release' through stimulating new interactions between people, ideas and resources, and on facilitating the selection of courses of action from amongst alternatives and on developing new processes to implement them (Moore et al. 2012).

A competitive tender was offered for the delivery of a program to address these issues. The contract was awarded to the Ready for Business consortium, which was established as a new and purpose-built entity in response to the tender opportunity offered by the Scottish Government. As shown in Figure 5, the lead partners are Community Enterprise in Scotland (CEiS) – a social enterprise that provides specialist capacity building and advocacy support to the social enterprise sector in Scotland; Social Firms Scotland – a social enterprise that provides specialist capacity building and advocacy support to the social firms' sector in Scotland;⁵⁵ and SENS Scot – Scotland's social entrepreneur and social

⁵⁵ "A Social Firm is a specific type of Social Enterprise where the social mission is to create employment, work experience, training and volunteering opportunities for people who face significant barriers to employment – in particular, people with a disability (including mental ill health and learning disabilities) a substance abuse issue, a prison record, a homelessness issue and young people" (Social Firms Scotland website). In effect, they are the UK version of the Flemish Social Employment Places described in Chapter 8.

enterprise network. They are supported by ‘main’ partners KPMG – a global professional services firm; MacRoberts Lawyers – one of Scotland’s leading independent commercial law firms; Sustainable Procurement Ltd - a specialist procurement consultancy; and the Social Value Lab – a specialist social business consultancy. Some of the partners had worked together previously and some had not.

Figure 5: The Ready for Business consortium partners



5.2 The commissioning context

As discussed previously, commissioning is another name for the planning phase of the procurement cycle and at this stage the focus is on issues such as needs identification, specifying relevant policy objectives, and developing an integrated and nuanced best-value proposition for the activity.

In thinking about the processes and relationships involved in establishing the DMTSP program I identified that whilst the *Opening Markets* tender for what

became the DMTSP program was offered through a traditional NPM-style competitive tender process, the contracting opportunity was the result of a more complex and long-ranging mixed-modes approach to commissioning for services that would contribute to the objectives of the national level policies discussed above. For example, an earlier project revolved around the *Enterprising Third Sector Action Plan 2008-2011* (Scottish Government n.d c). Some of the social enterprise partners involved in the current DMTSP program who were interviewed for this study advised that whilst the plan included objectives to increase the number of third sector enterprises in supply chains, it lacked specific actions that would improve public sector commissioners' understanding of how to go about this. In particular, to realise an uptake in the use of Community Benefit Clauses (see Section 4.1.2 More recent developments) specialist support would be needed. The partners proposed a program that would explore how capacity could be improved amongst public sector procurement staff. Grant funding was made available by a Scottish Government agency to pilot a capacity building project, and subsequently a three-year contract was awarded to continue to develop the model.

The learning and development that occurred through that program was then a key input to the design of the *Opening Markets* tender and the subsequent DMTSP program. In effect, the earlier pilot project was a commissioning tool for the planned development trajectory – having been used to refine the specific policy objectives it would contribute to, the needs that would be addressed, and what would constitute best-value in this area of service delivery. The reading of the process I provide here draws out the iterative influencing and relationship development that was both an input to and an outcome of the 'long game' approach taken to policymaking.

5.3 Diverse actors and processes in the DMTSP assemblage

The capacity building program discussed above established highly specialist and practical experience around direct socio-economic procurement strategies, from the perspectives of both the purchaser and supplier sides, within the leading social enterprise development entities in Scotland. The *Opening Markets* program reached the sourcing phase several years after this project was implemented, and the experience gained was available to inform the development of the tender specifications. This multi-layered capacity building strategy facilitated the design of a tender that, once it came about, was highly targeted to actual needs and delivery approaches known to be effective.

Given this trajectory, and the nature of the *Opening Markets* initiative, it could be assumed that the Scottish Government intended from the outset that the program would be delivered by social enterprise sector entities, however this was by no means a surety at any stage (CEiS interview). The tender was let through a conventional NPM-style competitive process, open to all and with substantial organisational capability requirements included in the specifications.

The Ready for Business consortium won the tender through establishing an enterprise that was specifically designed and purpose-built to deliver the contract objectives. The consortium is made up of a diverse assemblage of for-social-purpose and for-profit entities. What is quite unique in this case, is that the lead organisations are all for-social-purpose entities (social enterprises), whilst a social business and several for-profit entities provide supporting roles to the group and into the program elements, as shown in Table 11. The social business is The Social Value Lab which is part-owned by its employees and part by CEiS, providing another interesting example of institutional innovation. It describes itself as “an agency with a difference - part consultancy, part think tank, part incubator.” It has a small core team and an ‘extended family’ of over 40 specialists that it draws on to deliver collaborative projects – working with rather than for others (The Social Value Lab n.d.).

Table 11: The relationships between the diverse enterprises involved in Ready for Business

As an entity, Ready for Business does not own any assets and all the participating staff remain employed by their own organisations. This approach has established a lean operating model, in that funds are not required to maintain high overheads. The bespoke model ensures specialist third sector expertise is available to program participants, whilst also providing a range of legal professional and other knowledge, as required. Combined

Enterprise	Relationship
Capitalist <ul style="list-style-type: none"> • KPMG • MacRoberts Lawyers • Sustainable Procurement Ltd 	<ul style="list-style-type: none"> • Sub-contract • Sub-contract • Sub-contract
Alternative capitalist <ul style="list-style-type: none"> • Social Value Lab 	<ul style="list-style-type: none"> • Sub-contract
Non-capitalist <ul style="list-style-type: none"> • CEiS • Social Firms Scotland • SENScot • Scottish Government Agency • Local Authorities & other Scottish Government Agencies 	<ul style="list-style-type: none"> • Lead • Lead • Lead • Purchaser • Program participants

with the lean operating model, it also ensures that a strong focus on the overarching best-value objectives can be maintained, whilst also protecting against any potential for purely commercial considerations to lead to prioritising primarily those cases most likely to generate income for the Consortium.

Despite these factors, in a case like this, where there are significant risks associated with program failure, it would arguably be more usual to see one of the commercial entities taking the lead partner role. The Scottish Government's level of confidence in the proposed arrangement was bolstered by the strong reputation of the social enterprise partners, gained through involvement with previous public sector contracts and the long history of collaboration and engagement around input to policy outlined above.

The reading of the DMTSP program provided here shows how an effective intentionally-built delivery assemblage can be enabled through designing-in a mixed-modes governance framework at the commissioning stage. Transparency in process and outcome is achieved through combining close relationality with

conventional NPM-style contracting processes, demonstrating innovative approaches are possible within existing public sector procurement frameworks.

5.3.1 Hybridity - opportunities and challenges

The three lead partners in the consortium are best described as second-tier social enterprises – that is, their primary objectives are to support, represent, and to facilitate collaboration amongst other social enterprises. In the case of Social Firms Scotland, the remit is a focus on the social firms’ sub-set of social enterprises; whilst CEiS and SENScot work across the breadth of the social enterprise sector – SENScot in Scotland; and CEiS having involvement at local, Scottish national, UK national and international levels. All partners are involved in the governance of the enterprise, and CEiS and Social Firms Scotland also provide the hands-on delivery functions out of their offices and through their staff.

In addition to their reputations, the substantial advantage the leading social enterprise partners brought to the tender response was their depth of expertise in socio-economic procurement, built up over many years working with both purchasers and suppliers. Despite the significant advantages partnering offered (ultimately resulting in winning the contract), the structure posed challenges for the commercial partners. Interviewees indicated that some lateral thinking was required before the arrangement could be secured, as their contracting procedures had no provision for working under a third sector lead partner. For example, for KPMG the unique relationships involved were a first:

“For KPMG we believe it was the first time they've been a subcontractor on a program of this scale and with a third sector agency. It posed a number of issues to their risk department and in the end they just threw out the rule book, because they really needed to participate in the program and it had to be under our terms”. (CEiS interview)

The ‘need to participate’ experienced by the commercial firms’ (CEiS interview) is an imperative being driven by the changing nature of their markets, which

includes a substantial portion of public sector contracts. In particular, their public sector clients are increasingly seeking the integration of different forms of social value into contract delivery. I suggest that this development, shows how the accumulation of policy directives around the incorporation of social value - such as The Public Services (Social Value) Act in the UK, and The Procurement Reform (Scotland) Bill - is establishing robust alternative markets for the second-tier social enterprise providers, demonstrating how disruptive social change can be brought about through interventions that foster practical changes in the institutional domain of activity. These opportunities improve the financial stability and viability of the second-tier social enterprises, and thereby their capabilities to serve their core objectives of supporting other social enterprises and the social value outcomes that they in turn seek.

However, as the partners are motivated by different objectives and the organisational cultures are defined by different values, hybrid partnerships involve some inherent challenges. The social enterprise partners were acutely aware of the reputational risk they were entering into by partnering with for-profit firms. In particular, the possible loss of credibility this could cause amongst their own core constituency was carefully considered, but ultimately the benefits outweighed the risks as they saw that

“leading the consortium was important as it sent a message to the sector that this was third sector driven – we know and understand the issues and have their best interests at heart”. (Social Firms Scotland interview)

On a day-to-day basis two KPMG staff are based out of the CEiS office and work closely with the Ready for Business Program Manager, who is a CEiS staff member. The KPMG team members bring a wide range of skills, and also have access to specialist expertise through their large in-house teams. They are also learning much about the third sector, about socio-economic procurement and about codifying and reporting on social value. These are increasingly important factors in the UK consultancy market and so there is also the potential that at some future point the commercial partners may use what they have learnt working on the DMTSP program to compete for contracts against their current

partners. Having assessed this possibility at the outset, the lead partners advised that they consider this type of risk necessary to their effectiveness as a second-tier social enterprise. Basically, the skills and experience the social enterprise partners' gain through the relationships are then available to better support the social enterprise sector.

There is also, of course, the possibility that the experience of partnering together may generate further collaborations on more mainstream and larger contracts, where the social enterprise partner may be brought in for specific expertise. These types of opportunities would further improve the financial stability of the second-tier entities, which in turn enhances their capacity to deliver on their primary objectives of supporting, representing and facilitating collaboration with and within the social enterprise sector. This multi-layer approach to capacity building through opening markets also generates social value more broadly, in that the third sector suppliers are able to bring their specialist expertise and delivery models to a wider cross section of the Scottish community, increasing participation in decision-making for service recipients and ultimately improving well-being.

5.4 Supporting the 'release' phase through direct socio-economic procurement policies

As discussed above, the Scottish Government has identified that third sector organisations are integral to improving how community needs are met. In particular, their access to local networks and in-depth issue-specific knowledge in complex areas (such as care services, health programs, incarceration and recidivism, for example) are seen as critical inputs to driving more preventative approaches in the delivery of social services. Improving third sector organisations' capacities to engage with the public sector as partners and suppliers is therefore seen as an important investment in the trajectory of the nation's long-term development.

These motivations make the program an intentional and proactive approach to accelerating the uptake and improving the effectiveness of direct socio-economic procurement strategies across the public sector in Scotland. In the context of this thesis, the highly structured approach to diffusion provides insights into how institutional level social change can be fostered through policy objectives and strategies, by reconfiguring existing markets and building the capacity of diverse suppliers. As part of the delivery strategy supporting the trajectory of regulatory change occurring in Scotland, the DMTSP can also be located as part of a wider process of disruptive social change that is reconfiguring norms and frames of reference around what is best-value for Scottish communities.

In this way, the DMTSP program is intentionally and specifically designed to contribute to system change. The objectives of the Ready for Business contract, through which it does this, are to: improve understanding of third sector suppliers and through this open markets to them; strengthen understanding and use of Community Benefit Clauses; and encourage routine use of co-production in the design of public services, including supporting the establishment of Public Social Partnerships (for more information on this program, see: Scottish Government n.d. d.).

The program is structured around the provision of free-of-charge and tailored support, to assist Local Authorities and Scottish Government agencies to improve or start commissioning social services from third sector suppliers (such as social enterprises, community and worker-owned cooperatives, and community sector organisations). This 'free' support is paid for by the Scottish Government, through its fee-for-service contract with the Ready for Business consortium.

The program includes activities that support both the commissioning and sourcing aspects, and also facilitates early engagement between the two. The four key activity areas are designed to support and build on each other, providing a developmental pathway for participants. The program elements are:

- Getting engaged - introductory briefings for leadership teams; workshops for heads of service teams, commissioning staff and/or procurement staff; and local engagement events to engage potential third sector partners in developing a shared agenda.
- Partners for Change – deepening engagement with the third sector through a series of intensive facilitated workshops for senior staff; exploring ways to achieve better outcomes and develop an implementation plan.
- Access to and assistance with specialist tools – such as Public Social Partnerships development support, Community Benefit Clauses, Reserved Contracts, Social Value Measurement tools, and the Register of Third Sector Providers.
- Additional training and hands-on advisory support – through development of an agreed bespoke action plan.

Figure 6 provides an example of how the Public Social Partnership aspect of the program works in practice.⁵⁶ The Public Social Partnerships are essentially a strategic commissioning process through which partnering arrangements are used to connect public sector entities with third sector providers to co-design services based on user needs, *before* going out to tender. This demonstrates a ‘release’ stage style strategy, that generates and tests options to assist with the selection of new approaches.

⁵⁶ The description is a modified excerpt from: Ready for Business n.d. b.

Figure 6: Low Moss Prison Prisoner Support Pathway – A Public-Social Partnership co-design project

Low Moss Prison Prisoner Support Pathway

With the re-offending rate in Scotland standing at 53 percent for short-term prisoners, when the new Low Moss Prison opened in 2012 it was decided a new approach to tackling the issue was needed. With the support of Ready for Business a Public-Social Partnership was developed, and resulted in the Low Moss Prison Prisoner Support Pathway program (the program). The Public-Social Partnership is a diverse social innovation assemblage led by a third sector coordinating organisation, and involving several Scottish government agencies, the Prison, and other third sector partners. The Program provides highly integrated key services in health, mental health, job support and housing. A key innovation was that the program team was jointly staffed by third sector staff and prison officers, and the third sector staff were allowed significant access deep into the prison to engage and work with individuals. This has led to considerable change in the working relationships and culture for all of those involved. In particular, the learnings have included that the support needs of each person are highly individual and so personalised support, that can also flexibly respond to changes in circumstances, is needed. This approach was key to building trust between key workers and service users. Through the program individual 'distance travelled' as a result of the program was monitored and evaluated, with significant improvements recorded in all quality of life outcomes measured.

Whilst none of the partners were new to collaborative working, the Public-Social Partnership required and generated a much more engaged approach so as to overcome challenges and negotiate around the institutional barriers that arose along the way. For example, a 'structure and control mechanism' was developed to protect the intellectual property of the service providers involved. This increased the number and type of services that could be offered to participants, allowing better integration of service provision and allowing individual needs to be more effectively addressed. The iterative approach, including piloting, provided opportunities to test the initial design and to address strategic, operational and governance challenges in a safe environment. Under the Public-Social Partnership an approach that matched the 'release-stage' was adopted –the program being developed as a new service, meaning there was no clearly identified commissioning agency or agencies through which it would be procured into the future. To assist with developing an ongoing implementation strategy, throughout the duration of the program attention was given to developing relationships with potential purchasers that may be interested in further developing the program and the social value outcomes the it generates.

The hybridity of the consortium brings the diversity and depth of expertise required for the DMTSP program to effectively meet the breadth of needs it seeks to address. Reflecting what I read as an NPG framework structure, the program is

highly structured, and the governing contract includes specific targets and reporting requirements, but there is also room to be flexible and responsive to the exploratory nature of the work. The openness of the relationship with the governing Scottish Agency has facilitated the integration of learnings along the way. Interviewees identified this as being central to the program's success, as it ensured responsiveness and specificity to participants' needs.

In the early stages, as the approach was experimental, this flexibility was considered especially important as it allowed the integration of improvements as they occurred. Again, this approach reflects an approach well suited to the 'release' stage that I locate this social innovation assemblage as being at. Part of the experience gained was the more detailed understanding of the staff roles of commissioning (policy and planning) and procurement (sourcing and purchasing) staff, and when these are most critical to the socio-economic procurement process. Through this deeper understanding, activities that more specifically address different needs have been developed and integrated. This learning process was described as follows:

“When we started we weren't entirely sure who we were targeting. We didn't have procurement and commissioning separately defined. Not understanding they are completely different structures and skill sets internally, and that there's no point targeting the commissioners unless we had support available for and engagement with the hard pressed procurement officers whose job it is to implement stuff. . . who could just be hostile and block. But that there's also no point targeting the procurement officers, if you haven't won the policy and strategic battle with the commissioners. So that's why the program has been substantial. It has to happen both ways”. (CEiS interview)

Expectations that the broad national policy objectives are being implemented at the Scottish Agency and Local Authority level continue to tighten across Scotland, and as the DMTSP program matures and begins to move through different stages of development, word is spreading that the assistance it provides is effective in helping to meet obligations. The Program Manager reports that as a result the balance is shifting from participants “who have been told to come, to those who want to come” (Ready for Business interview). Whilst the program is at an early

stage and not all activities are converting into specific contracts for third sector providers, reportedly the Scottish government contracting agency

“has received more unsolicited positive feedback than any other third sector program from public authorities, in terms of being practically useful”. (CEiS interview)

5.4.1 Ongoing commitment

Discussions about next steps had already commenced at the time of interview, which was about half way into the contract period. This early stage consideration highlights the ongoing commitment to an intentional and multi-staged approach to improving and increasing direct socio-economic procurement across the Scottish public sector. At the early stages of discussion, second stage activities were being considered on two fronts – further support for those engaged in the first phase, to extend and strengthen their efforts; and to bring the first phase program to a wider participant group. These discussions were also informed by the results of a survey of public sector commissioners and procurement staff undertaken by the Consortium, which provided access to data of this type for the first time (Ready for Business 2014).

This reflects a long-term commitment to bringing about institutional level social change through supporting development of diverse markets, and building the capacity of diverse suppliers across the stages of the adaptive cycle. The substantial and sustained commitment involved was captured by the CEiS CEO thus:

“This isn't an experimental or stand-alone initiative. This is part of a determined strategy that even in these hard economic times has had the highest level of resource per capita worldwide put into it to ensure that the enterprising third sector and social enterprise achieves maximum impact”. (CEiS interview)

A strong third sector that can act as a robust and effective supplier base in the design and delivery of social services is demonstrably integral to the Scottish

Government policy objectives. However, those involved also recognise that this highly strategic and intentional approach is really only in its infancy, that it will take time to become fully effective, and also that there is a latent demand issue with regards to what is needed - 'people don't know what they want, because it's new' (Social Firms Scotland interview). For example, as the program has developed there has been increasing interest from commissioners looking for assistance to overcome internal hurdles that are blocking deeper levels of engagement around specific opportunities and also around broader policy directions. An example of this is around support for legal issues:

"We get a lot of enquiries about legal issues. We provide this for free as part of the program. [The Agencies and Local Authorities] have their own legal departments, but they're naturally conservative so don't always respond well to enquiries from their internal commissioners. Getting their lawyers to talk to our lawyers can be a good starting point - to help the commissioners open the door to what might be possible". (Ready for Business interview)

As things mature on both the purchaser and supplier side of the direct socio-economic procurement relationships, it is likely that the diverse skills and experience the hybrid delivery vehicle offers will only become more important. It is also likely that the consortium and the program it offers will continue to evolve iteratively, demonstrating how social innovation assemblages are always in a state of becoming. Incorporating the ability to iterate program design into the contracts and agreements for the next stage of the strategy will be a critical factor, and will no doubt build and extend on the mixed-modes governance framework established during this first phase.

5.5 Towards a new ethos: What this case demonstrates

The reading of the social innovation assemblage provided here demonstrates how a series of high-level socio-economic procurement policies can be used to intentionally build capacity amongst both purchasers and suppliers to engage in improving social services. Through this strategy, trading opportunities for

diverse agents and processes are being created, establishing a trajectory towards stable income streams for a wide range of for-social-purpose suppliers. Over time, this will have flow-on effects for their capacities to generate social value for the communities with which they are engaged.

To make this possible within the structure of existing procurement requirements I identify that an NPG-style approach was taken to commissioning the program itself. I identify it as such as the approach taken allowed key stakeholders to influence decision-making through integrating their expertise into contract specifications and objectives, whilst maintaining transparency and accountability through a competitive tendering process that also drove innovation in the design of the program. As a result, an intentionally-built cross-sector for-social-purpose enterprise was established and is delivering the program, protecting the public interest through embedding social value into the structure of the entity and into the program model.

The program itself can be read as improving social relations at the institutional level – between public sector entities and a wide range of organisational stakeholders; and at the individual level – through introducing co-design and co-delivery methods into social services, that provide opportunities for users to influence decision-making that effects their lives.

This case reading of the DMTSP program demonstrates that where the advantages of working in assemblages are given room to develop and realise their potential, that it is possible to establish relationships where no party is just leading or just enabling the activity - rather all the parts are equally necessary, equally responsible and continually engaged in a continual process of influence. This type of interdependency locates this social innovation assemblage as involved in a community economies style process of becoming – one that has been intentionally fostered through ethical decision-making and negotiations amongst all parties involved, including public sector policymakers. The DMTSP social innovation assemblage is playing an important role in a wider economic

system change trajectory that is reconfiguring what is understood to represent value for Scottish communities.

CHAPTER SIX: Fostering social innovation assemblages through diverse supply chains

Social innovation assemblages in the 'reorganisation' stage of the lifecycle are involved with restructuring around visions, selecting options, developing new processes, and maintaining creativity (Moore et al. 2012). Citymart is a social business with offices in Barcelona and Copenhagen and provides an example of a social innovation assemblage that has been intentionally designed to re-organise the procurement practices of Local Authorities. It does this through its unique procurement model, which connects Local Authorities around the world with 'innovation suppliers' and supports their collaboration with purpose-designed processes and tools.

Citymart had been established in its current form for just under three years at the time of interview, and its model is based on learnings from two earlier iterations, which first began in 2003. The model is designed to address issues identified through these earlier experiences - issues with the processes Local Authorities traditionally use when attempting to procure innovative products and services. In the reading presented here, Citymart's model demonstrates an NPG-style approach by increasing the level of transparency and accountability whilst also improving flexibility and responsiveness. It also fosters innovation that is responsive to local contexts and actors. Figure 7 provides an outline of the *e-Adept* project, to provide an illustration of the kind of innovation project Citymart has been involved with.

Figure 7: *e-Adept* - An innovative navigation system for visually impaired residents

***e-Adept*: An innovative navigation system for visually impaired residents**

The City of Stockholm established an objective of becoming the most accessible capital city in the world by 2010. Initially, investments were made into physical adaptations of pedestrian crossings, bus stops, playgrounds, installing ramps or hearing devices in public buildings. Yet these measures did not fully meet the needs of visually impaired residents and the local community petitioned the Local Authority to find better solutions. The early stage development was funded by the Swedish Post & Telecom Agency, with other Agencies collaborating closely to deliver the project. Through Citymart, suppliers were sourced from a diverse pool and offered the opportunity to submit possible options. As a result, consulting firm Astando was selected and data that was previously only available to public sector agencies was used to digitise the pedestrian and cycle road network across Stockholm. Opening up access to public sector digital property facilitated creative use of the data. The data was already being collected and maintained under other programs, ensuring a high degree of accuracy (and hence safety). This led to the development of the *e-Adept* navigation aid, which is delivered through a mobile phone application, GPS receiver, pedometer and digital compass. The partners worked closely with around 200 vision impaired residents and organisations, such as the National Association of the Blind, to design the system. Involving the citizens helped to design the solution around their needs. For users, the solution has broken a long history of dependence.

The interviewee for this study was the Founder and CEO of Citymart, and the interview was conducted via Skype. In addition, interviews were conducted with the CEO of Astando (also via Skype) and with the City of Stockholm Project Coordinator for the *e-Adept* project (at her office). The collaboration between Astando and the City of Stockholm and subsequent development of the *e-Adept* project were facilitated through Citymart's processes, and so these interviewees provided another perspective on its model.

6.1 Policy context and background to model development

“Globally there are few cities that will tell you they have more money than they had in the past. And the savings programs are beginning to hurt citizens. Whether it's in American cities - where they are literally taking light bulbs out of every other street light to save energy, creating a lot of security issues; or in London, where they're cutting programs to prevent domestic violence. And of course the people who suffer most are the people who rely on public services.

That's a reason we're seeing a lot of influx - cities are really scared of cutting services and are desperately looking for alternative ways of doing it".
(Citymart interview)

Around the world Local Authorities (municipal governments, cities) are struggling with significantly reduced budgets, whilst also facing increasingly complex social and environmental challenges, as this quote illustrates. In this context, there is growing interest in how procurement functions can be configured to achieve 'more for less'. As discussed previously, the incorporation of horizontal policy objectives into procurement strategies is gaining attention as a result. Citymart's model is similarly gaining attention, as it offers a brokering service that opens up alternative ways to achieving best-value that are not dependent on reducing the quality or quantity of products or services.

As public sector entities, Local Authorities must comply with the procurement regulations of their jurisdiction (national, State/Province). These requirements include a wide range of rules designed to ensure probity requirements and that best-value is delivered. These requirements are usually based on strict NPM-style interpretations of best-value that use competitive processes to drive cost savings. Through its market research, Citymart identified that these approaches considerably limit scope when the focus is on innovative products and services, and that they also limit the broader diffusion of innovative products and services across public sector jurisdictions.

A significant contributor to these barriers is how Local Authorities communicate about the products and services they are interested in procuring. Citymart found that this generally occurs late in the process, when commissioning phase decisions have already been made. Commissioning phase decisions include scoping the needs to be met, specifying the relevant policy objectives, and developing an integrated and nuanced best-value proposition for the activity. As discussed previously, proactively exploring for-social-purpose options at this earliest stage of the procurement cycle improves the potential for generating a broader conceptualisation of best-value through the activity.

However, as this is not generally the way Local Authority procurement is handled in practice, the channels used to communicate with prospective suppliers are particularly important. Citymart found that the communication channels commonly used are quite narrow, with the three most common being via webpages, internal communications and public strategic plans (Citymart interview). This limits the pool of respondents to those already 'on the list' to receive notifications, those already monitoring these fairly generic public communication channels, and those already known to the procurement team.

Once responses to an Expression of Interest or Request for Tender are received, the verification and selection processes can also be quite constricted. Procurement staff tend to rely on their accumulated knowledge and informal contacts to source and then verify the capabilities of prospective suppliers. Despite significant documentation being required at this stage, Citymart found that because unknown suppliers are considered high risk this material is often referred to only as a formality:

“In a survey of 50 global cities we undertook in 2012 as part of the Agile Cities Initiative we found that none had an explicit mission or method to solve problems. And that 80 percent responded that they only trust solutions from companies they already know”. (Citymart interview)

A narrow consideration of possibilities and alternatives then flow through to the contract award stage, with 'business as usual' approaches tending to prevail. Citymart reports that as a result, innovative suppliers are faced with fragmented marketplaces that are difficult to navigate in terms of identifying the potential demand for their products and services, and for identifying possible buyer-partners with whom they could test and pilot new approaches. These factors then flow on to limiting the establishment, stabilisation and growth of suppliers with significant potential for impacting complex social, environmental and local economic development issues.

The limitation of opportunities is further compounded by concentrations in the market, particularly around 'smart cities' initiatives. In this area Citymart advises

that some of the large global firms provide pro bono consultancy and strategy support to Local Authorities, on the understanding that restricted tender processes will be used, if and when opportunities arise. These types of arrangements are often taken up by public sector entities, simply due to lack of market knowledge and limited resources to engage strategically in market research and other sourcing phase activities.

However, Citymart is working with Local Authorities that recognise they need to become smarter and more agile in how they address complex challenges, and understand that how they structure their procurement processes can play a key role in this. Local Authorities around the world account for US \$4.5 trillion in annual global public procurement spending (Agile Cities 2013, p.8). Trajectories in their procurement sourcing behaviour therefore has significant potential for unlocking resources that could support the development of innovative and for-social-purpose suppliers, and through these contribute to growing and strengthening diverse economic practices and entities, around the world.

6.2 Model overview



Citymart has a core mission to ‘transform the way cities solve problems’. The model was also designed to address some of the key issues with the procurement processes of Local Authorities discussed above. Drawing on the experience of the earlier iterations, it has been successful to date - including being recognised by Ashoka Innovators for the Public, the Clinton Global Initiative and The Economist as a leading social impact organization as well as a pioneer in delivering tools to effectively transform the way local authorities around the world invest and regulate to improve the quality of life of millions of citizens (Citymart interview).

The core idea behind the Citymart model is clearly separating out the stages of the procurement cycle and bringing public sector procurement officers back into the early stages to reconfigure their thinking and processes as to what could best

address the need they are seeking to satisfy. That is, separating out: the commissioning stage, when needs and possible options are investigated broadly; from the procurement stage, when responses to a broad indication of the goods and services required are sought from the market; and from the purchasing stage, when contracts for specified and particular goods and services are agreed.

Citymart brokers relationships between Local Authorities looking for new ways to address issues and potential suppliers (what they call 'solution providers'). As part of this, it builds the capacity of diverse 'innovation supply chains'. Potential suppliers are drawn from across the profit/purpose spectrum and include diverse economic entities, such as commercial businesses, social businesses, social enterprises, not-for-profits and universities.

The Citymart team provides purchasers and suppliers with decision-making processes through which to negotiate *how* the objectives of the procurement activity could best be met, before any commitments have been made. This includes limiting the specifications included in the early stages to functional requirements, which is a strategy recognised for fostering the potential for innovation (Arrowsmith 2010, p.170).

The innovation opportunities (what they call 'problems') that Local Authorities bring forward are openly published as *Calls for Solutions*. Suppliers develop *Showcases* to demonstrate the approach (or 'solution') they are offering. The evaluation of suppliers is undertaken through the *Project Validation*, the *City Evaluation*, and the *Expert Certificate* processes. Each of these components of the model is discussed below.

In addition to improving outcomes for both parties, the interconnected processes that make up Citymart's model are also designed to address many of the transparency and accountability issues discussed above. As a social business, this mission is undertaken for a broader purpose - to direct the significant potential of Local Authority procurement spending towards improving the lives of citizens, as reflected in this quote:

“City innovation for us is synonymous with social and urban innovation. The majority of the world's population lives in cities and receives critical services from local governments – in one way or another, especially those who are more reliant on public support. If there are massive inefficiencies in the way the money is spent, delays in the process because they're reinventing solutions, this has a direct impact on the quality of life of a very large number of people”. (Citymart interview)

By 2015, Citymart had completed more than 100 ‘problem-based procurements’ (or opportunities for innovation) with 57 cities, connecting them and their 200 million citizens with more than 1000 suppliers offering product or service innovations. The online platform and associated activities provide tools and relationship building processes that facilitate Local Authorities’ exploring and selecting new approaches to addressing complex challenges. Citymart has a specific diffusion objective in that it seeks to accelerate the spread of existing successful innovations between cities.

Using the purpose-built tools and processes, Local Authorities report to Citymart that they identify between 10 and 20 times more ways than those they were already aware of, to potentially address the issue presented. Partly a result of the focus on diffusing successful innovations between cities, the procurement-related costs of attempting to procure an innovative (and unknown) solution have also been reduced by up to 80 percent in many cases, and the service or product is delivered three times faster than is usually achieved (Citymart interview). The diffusion approach is discussed further below.

6.3 A purpose-built ‘mixed-modes’ governance framework

The combination of five elements that make up the core of the Citymart model, and acting together they provide what I identify as a mixed-modes governance framework for the procurement activities that Local Authorities choose to deliver through the model. Through the combination of elements, the model provides transparency and accountability, whilst fostering flexibility and creativity. The five elements are: *Calls for Solutions* packages, a *Showcase* process and database,

a *Project Validation* process, a *City Evaluation* process, and an *Expert Certificate* process.

The **first element** is the *Calls for Solutions* process. This is established at the stage when a problem (or opportunity) has been identified, but no preferred approach has yet been selected. The Citymart team works with the purchaser to engage stakeholders in clearly defining the specific outcome sought (the problem to be addressed) and to strip away pre-conceived notions about what the solution might be. They describe the process as generating ‘well-defined and under-written’ problem statements. In effect, this part of the process takes the Local Authority back into the commissioning phase, to more openly define needs and develop a nuanced best-value proposition for the activity. Any hidden objectives (or ‘wrong intent’ as they call it) are also brought to the surface, as they can otherwise influence the approach taken – particularly when it is designed in-house and with particular suppliers already in mind. As this quote shows, when the stages become blurred, the decision-making and negotiation points are difficult to identify and can become conflated:

“For example - a challenge where [Local Authority] specified they were looking for street cleaning robots. In the end they found that the best solution was actually a paint coating. Basically it wasn't a challenge about street cleaning robots, it was a challenge about not having chewing gum on the streets. And the reason they were looking for robots was because they thought it would be an interesting project to work on with the local university, who were very excited about having robots in the city”. (Citymart interview)

Once a problem statement has been agreed upon, a *Call for Solutions* package is compiled that includes the problem statement, terms of procurement, qualification requirements, and evaluation criteria. Developing the *Call for Solutions* package is the start of the formal sourcing phase of the procurement cycle. To ensure decision making is transparent and clearly documented, at this stage the highly relational process - which relies on intensive dialogue and engagement around the issue - becomes more technically focused. This is the stage when quality market intelligence can make the most difference to the outcomes of the procurement activity, but is when conventional approaches tend

to narrow down and limit options due to lack of knowledge, and time and risk aversion.

As part of the sourcing phase, the size and shape of the prospective supplier pool is identified – i.e. those that have the capacity and capability to deliver on the defined objectives. Citymart’s approach to this is highly strategic, being both targeted and broad. The broad approach includes openly publishing the *Call for Solutions* package on the Citymart website, whilst the targeted aspect involves also closely examining the *Showcase* database for potential matches.

The *Showcase* database is the **second element** of the Citymart model. At the time of interview, it had over 10 000 suppliers, that are continuously added to, and as it is available online it is always open for searching. Suppliers that have an innovative product or service create and then publish *Showcases* on the website. *Showcases* are descriptions of a real solution that has been developed to at least prototype stage and is close to pilot or full deployment - but that is not well known in the market. The template that suppliers use to describe their *Showcase* incorporates global sustainability standards, making it easier for cities to assess solutions against indicators they are interested in, and also ensuring performance in these areas is transparent.

By publishing the *Calls for Solutions* publicly, and using its extensive networks to promote the opportunity broadly, Citymart is facilitating an open process. Any supplier can respond and no cost is involved, also ensuring equity at this stage. At the same time, the *Showcase* database provides access to a targeted pool of suppliers that improves the possibility of identifying a market-ready innovative solution, and minimises the potential of any replication of existing options occurring. As the Citymart team is independent it can also provide a range of capacity building support to prospective suppliers at this stage, to assist them to engage in the process, without jeopardising the neutrality of the outcome.

Citymart advises that these first two elements have helped substantially improve the procurement processes of participating Local Authorities - but the real

innovation the Citymart model offers is in the validation of the responses to the *Calls for Solutions*. Together the validation processes inform the second step in the sourcing phase of the procurement cycle, the supplier selection process.

“Validating project references sounds equally banal as publishing problems, but in fact we think that it is even more transformative because it actually removes a lot of the uncertainty by proving that the information provided is accurate”. (Citymart interview)

There are three aspects to the validation processes and they make up the remaining three elements of the Citymart model. The **third element**, and most significant of these processes, is the *Project Validation*. The *Project Validation* is a crowd-sourced process that involves stakeholders in certifying suppliers’ responses to *Calls for Solutions*.

Decision making in public sector procurement is highly reliant on the project references that suppliers submit as part of the qualifications requirements. Citymart has identified that a lack of credible certification of this key documentation is a contributing factor to the tendency for procurement staff to narrow supply chain options to those they are already familiar with. Without a suitable verification process for new and innovative suppliers, the risks associated with engaging them is usually considered too high. However, there are few avenues available to actually verify the references provided:

“We were really surprised that given that public spending relies on project references, and that it's about 30 percent of world GDP, that there's no organisation that certifies or audits references in any form. Not even at national level, never mind globally”. (Citymart interview)

Their research identified that the avenues that are available, such as through the large accountancy firms, are costly and will only validate a reference to the extent that a task has been performed – for example, that street lights have actually been installed. This type of general approach to verification adds significantly to the cost, without adding any particularly useful information to the sourcing process.

Citymart's approach is to crowd-source certification by involving a range of stakeholders in providing information that, cumulatively, provides a comparatively high level of certainty around outcomes at a low cost. The team calls it a process of 'identifying binary facts'. For example – that ten street lights were installed; that the installation process took a specified amount of time; that the location was in a specific neighbourhood; that the project was a pilot, not the full deployment etc. The suppliers then invite people who have direct knowledge of the project to certify each of the facts, to 'put their name to it' in effect. This could be, for example, a citizen who lives on the street where the lights are, or a customer or other stakeholder from a previous project. The process is essentially driven by the suppliers, which keeps the cost to the purchaser down. Layers of fact-checking are used to improve the quality and accuracy of the information provided in references, and through this to generate an overall level of confidence in the product or service being offered.

The process is purposefully designed to build trust in innovative, unknown and often early-stage suppliers. At the same time, the process generates documented evidence that the suppliers can use for other projects in the future, assisting to improve their market readiness and building the qualification levels of the overall pool of 'innovations suppliers'.

Once it has gone through the *Project Validation*, each of the responses to the *Call for Solutions* is then subject to the **fourth element** in the model, the *City Evaluation* process. The Local Authority appoints 'jurors' to evaluate the responses and provide a recommendation on the preferred supplier. The jurors include local citizens and other stakeholders that will be affected by the project outcomes. This element of the model is an important tool for building capacity to engage with institutional decision-making processes, and to negotiate the kinds of outcomes that community members value.

For large projects, the **fifth element**, the *Expert Certificate* process, is also applied. This involves global experts certifying the viability of solutions, particularly the calculations of potential sustainability and impact that suppliers

have included in their proposals. To date over 25 000 evaluations have been completed, involving more than 500 expert jurors and incorporating global sustainability standards.

Through its model Citymart is contributing to reconfiguring social relations around the ideation, development and selection of the innovations that Cities are developing and implementing. Each element of the model broadens out who has a say at all stages of the procurement process, and provides structured tools that promote diversity amongst those involved whilst also ensuring transparency and accountability.

Every person involved in any aspect of the verification processes, whether expert or citizen, goes through a vetting process to confirm they have no conflict of interest. Citymart also carries out random checks on identity and affiliations to create further robustness, and there are procedures in place should anyone wish to dispute a reference or conflict check. The level of documentation is substantial and a high level of governance transparency is achieved, particularly in comparison to the limited alternative options available to support the sourcing phase of the process.

In many cases, the *Calls for Solutions* focus on a pilot phase as the first step in a larger procurement process. This allows real-life pilots of innovative solutions to be implemented rapidly - providing opportunities for the supplier to further refine their solution, and generating a more complete evaluation to inform decision making before the full procurement opportunity is offered to the market.

Citymart promotes the use of pilots in the procurement plan, to support the emergence, growth and diversity of innovative suppliers. To engage in a pilot process, suppliers must necessarily invest a significant amount of time and other resources, and therefore have considerable 'skin in the game'. However, under the Citymart model they are not allowed to gain any advantage from this in relation to later stages of the procurement process. This part of the model has been included to ensure the prospective supplier pool for subsequent activities

remains open, and that the potential for further innovations continues to stay in focus. Through implementing successful pilots suppliers do, however, establish market reputation, secure crucial references and build industry partnerships. Whilst there is no guarantee, Citymart advises that some have subsequently been able to raise venture capital and/or succeeded in winning significant procurement contracts.

Suppliers also develop close working relationships with Citymart through engaging with the model, and also often with the purchaser team. Through a pure NPM-style lens this situation would be viewed as transgressing the neutrality that is assumed to deliver best-value in procurement processes. However, because external parties are involved in the validation processes and decision making is closely documented, the perceived disadvantages of relational approaches are managed. The Citymart model brings structure to previously unstructured aspects of the sourcing phase. The reading presented here demonstrates how a NPG approach to managing the sourcing phase of the procurement process can deliver the transparency and accountability standards required, whilst also opening up constricted approaches that limit both the involvement of citizens and the development and spread of social and environmental innovations.

6.4 Reorganising markets through bespoke sourcing strategies

Other aspects of the Citymart model that provide useful insights are the supply chain dynamics and the capacity building outcomes these are generating. Citymart advises that early-on around three quarters of the procurement opportunities Local Authorities brought forward had a technology focus – for example, intelligent lighting or the street cleaning robots mentioned earlier.

Over time the emphasis has shifted, and now around two-thirds are socio-economic in focus. Citymart suggests this is in part due to the economic climate, but also to the feedback Local Authorities have received from citizens and other

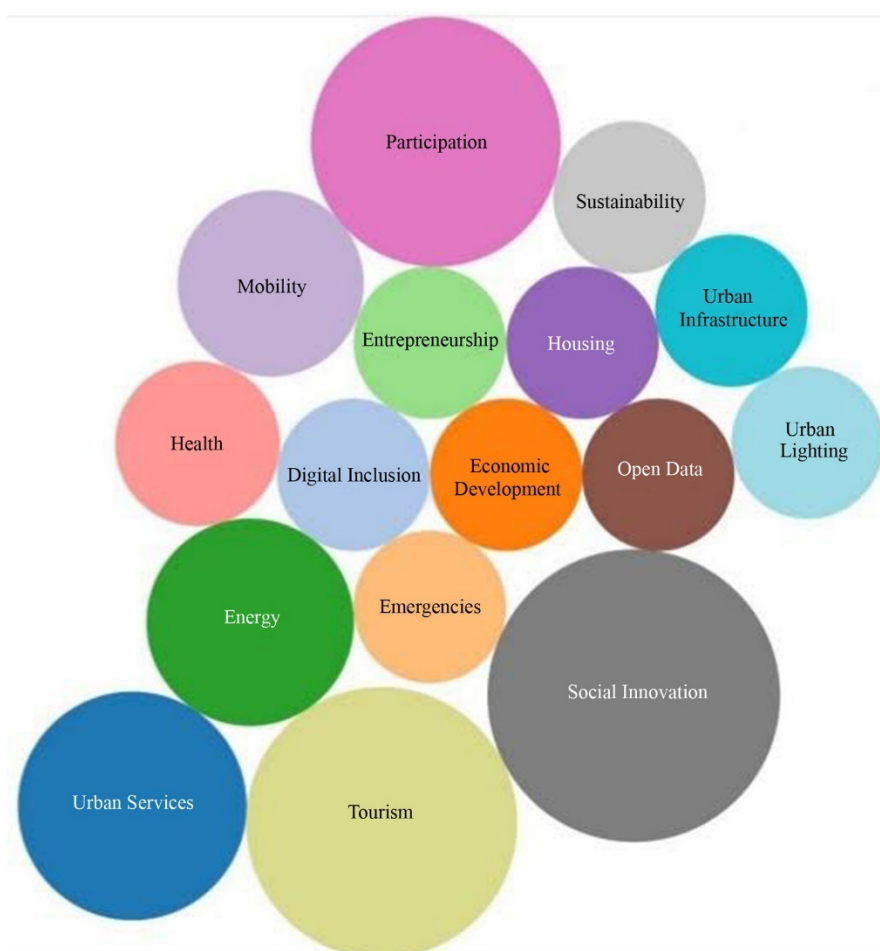
stakeholders involved in the design and verification of solutions. In essence, they have found that citizens are not actually concerned about the nature of the technical systems involved – they care about things like job opportunities, security, environmental impacts, quality of care etc.

“We've had people from hard core technology engineering-type departments, finding themselves exposed to citizen groups talking about whether the lighting sensor is actually a surveillance tool that's being inserted into their community. The public sector officers were heavily offended because all they wanted to do was save energy”. (Citymart interview)

As Local Authorities have gained confidence through the process, and become closer to the actual concerns of their constituents, the way the procurement opportunities are framed increasingly reflects this broader focus. As shown in Figure 8, horizontal policies are increasingly being included in the procurement strategies of Local Authorities.⁵⁷ Examples of *Calls for Solutions* of this type include: *Five Million Affordable Housing Units* for Lagos; e-Adept with City of Stockholm (see p.171); *Social Innovation for Communities* in Barcelona; and *Cities Pilot to End Poverty* with municipal governments involved in the World Alliance of Cities Against Poverty.

⁵⁷ Source: Citymart n.d. b.

Figure 8: Citymart supports Cities to source innovative solutions – thematic groupings 2014



The partnership with Barcelona City, which led to the establishment of the *BCN / Open Challenge*, provides another example. Through the Challenge solutions were sought in six areas: reducing bicycle thefts in the city; empowering support systems to reduce social isolation; monitoring pedestrian flows in the city; tools for digitisation of museum and archive collections; automatic detection and alerts of damaged road surfaces; and empowering local retail through technology (the *Challenge* closed on 16 June 2014; for more information, see Barcelona City Council n.d.). Rather than specifying what the City wanted to buy (e.g. bike lockers) the problem was identified (e.g. reducing bike theft). Responses could

involve buying things, but may also involve new services or regulatory changes, or any other innovative approach to achieving the goal. The competition was open to providers world-wide and rather than giving awards for innovation, the City committed to contract with and make space available to the winning service providers – an approach designed to encourage innovation, entrepreneurship and the growth of SMEs in the local region.

These developments, of course, have implications for the types of suppliers that become involved with the model. Citymart reports that 98 percent of the procurement opportunities have been awarded to SMEs. Only one or two tenders have been awarded to the type of large company that was previously well positioned to win contracts for the types of opportunities presented, despite participation by this type of supplier in almost all to date. Whilst no specific evaluation has been undertaken, the contributions to local economic development that the SME suppliers make in their local communities – in the form of local spending and local employment – are likely to be significant.

As a result of their involvement with the Citymart model, the SME suppliers are also beginning to collaborate more and this is increasing innovation outcomes and opportunities more broadly. However, Citymart still sees evidence that many of these suppliers find it challenging to identify when a procurement opportunity offered by a Local Authority matches with the products or services they have to offer. This is where their team can act as broker, interpreting the needs and opportunities into the different contexts of both parties and helping the often fledgling suppliers navigate how they present themselves.

At the same time, Citymart is also seeing an increase in the number of for-social-purpose suppliers involved in its supply chain. This is partly due to the horizontal objectives Local Authorities are including in their procurement strategies, which make the opportunities presented to the market more relevant to this group. However, Citymart also reports that when the solution is not specified, that it is often social enterprises and social entrepreneurs who are proving adept at determining how a business model could be developed around addressing a

socio-economic problem. The Citymart team is also practiced at identifying innovative pilot-stage products and services that are struggling with moving to the next stage of development, and that are then able to scale into early-deployment through involvement with a procurement opportunity.

Increasingly, the boundaries between the for-profit and the for-social-purpose suppliers are blurring. In some cases, organisations that consider themselves traditional commercial firms are recognising that they are in effect social innovators, and that to succeed in this market they need to adjust their orientation to matters like intellectual property (Astando interview). The focus on socio-economic issues is also generating new and interesting joint ventures between more traditional technology and engineering firms and social innovators, and these are raising matters like how values can be integrated into innovative partnering structures. I suggest that through these processes the agents involved are becoming and will become increasingly diverse, straining at the boundaries of conventional structures, and also broadening the base of actors enrolled in generating alternatives to current practices and opening possibilities for tackling complex problems. In this way, Citymart is contributing to diversifying economic practices and supporting the development of diverse economy entities around the world.

A blurring of boundaries is also occurring on the Local Authority side, where the focus is shifting to seeking opportunities to co-invest in collaborative approaches. In addition to being less focused on buying 'things', Local Authorities are increasingly more interested in ensuring a solution can be sustained into the future, and in options that are less likely to require high levels of expenditure on ongoing aspects like maintenance. Understanding the suppliers' business model, their planned trajectory and development potential, and how this will impact the product or service over time is therefore also an increasingly important aspect of the validation process.

"The problem is that it's a learning process for all three types. For the cities, to think about different opportunities, business models, and approaches. For the engineers, to think more broadly. And for the traditional social entrepreneur

that thinks about helping grannies across the street - as to how they could become a real service for cities". (Citymart interview)

Suppliers also therefore typically invest considerable time and other resources into the process, particularly in cases where a pilot-phase is included. This type of approach can work well for for-social-purpose suppliers, who have a specific mission they are interested in working towards and see the generation of revenue and surplus as a means to this end, rather than the end in itself. It also increases their participation in decision-making, and so their opportunities to influence what and how innovations are invested in.

With a primary focus on the sourcing phase, Citymart's model must work within the highly technical and strict transparency standards that apply to this stage of public sector procurement cycles. Rather than seeing these as insurmountable barriers constructed by a monolithic and unmoveable system, Citymart has found ways to reorganise procurement processes so that they facilitate consideration and selection of new and different approaches to tackling complex public issues.

6.4.1 Diverse actors and processes in the Citymart assemblage

Local Authorities pay Citymart a fee for coordinating procurement processes on their behalf. Suppliers also pay a per-view fee for the certifications they receive through the process. These transactions generate a sustainable revenue stream for the Citymart team, which at the time of interview consisted of 17 people across two offices in Barcelona and Copenhagen. Citymart sees itself as 'a back-end provider of an industrialised process, with a lot of quality control'.

As mentioned earlier in relation to smart cities initiatives, there is a 'greyness' to how markets for innovative products and services are being developed in some areas. This creates transparency and accountability issues for Local Authorities. Citymart clearly distinguishes between the components of the process that are being funded by the Local Authorities and those that are being funded by the

suppliers, and does not allow any mixing of these sources. The fee is also clearly articulated, and the services associated with it well defined. This transparency is valued by the Local Authorities, and in turn improves their accountability to their constituents.

Citymart is also receiving increasing requests from not-for-profits to partner on the diffusion of social innovations developed with its City and supplier partners. These additional partnerships open up opportunities to provide further support to suppliers, in sourcing appropriate and diverse local partners, investors and other stakeholders to involve in the design and implementation of a product or service. Citymart sees these relationships as strategic collaborations that extend reach and depth without diluting their concentration on the core aspects of the model, and on ensuring the integrity of its processes.

Using the analysis frames developed through this thesis, direct and indirect socio-economic procurement strategies can be identified in the Citymart model. Direct strategies are evident as specific types of suppliers are sought – those that can deliver socially and/or environmentally innovative products or services. Indirect strategies are evident in the award conditions and clauses it helps Local Authorities to develop, to ensure they realise the innovation potential of a contract opportunity. These strategies are employed with a focus on fostering an ‘innovation supply chain’ in the broadest sense, rather than confining the potential to one sector or another.

Table 12 characterises the diverse enterprises, transactions and financing sources involved in Citymart’s model.⁵⁸

⁵⁸ Adapted from: Gibson-Graham, J.K. (2006); and Gibson-Graham, J.K., Cameron, J. & Healy, S. (2013)

Table 12: The diverse economic processes involved in the Citymart model

Enterprise	Transactions	Finance
Capitalist <ul style="list-style-type: none"> For-profit suppliers 	Market <ul style="list-style-type: none"> <i>Calls for Solutions</i> Pilot project agreements Contracts awarded 	Market
Alternative Capitalist <ul style="list-style-type: none"> Citymart Social business & social enterprise suppliers 	Alternative market <ul style="list-style-type: none"> <i>Project Validations</i> <i>City Evaluations</i> <i>Expert Certificates</i> Citymart fees 	Alternative market <ul style="list-style-type: none"> Suppliers' monetary investment
Non-capitalist <ul style="list-style-type: none"> Local Authorities Not-for-profit partners 	Non-market <ul style="list-style-type: none"> Suppliers' time investment Supplier collaborations & partnerships 	Non-market <ul style="list-style-type: none"> Local Authority procurement budgets Philanthropic investment

This characterisation is one way to demonstrate the hybridity of the model. It also highlights the complex nature of for-social-purpose intermediaries and the diverse inputs they rely on and facilitate to deliver their core objectives. However, as discussed above, Citymart's model is also fostering a blurring of boundaries between market, alternative market and non-market economic processes and agents. The types of hybrid entities emerging as a result clearly contribute to diversifying the economy to the extent that, for analysis and theorisation purposes, it becomes increasingly difficult to locate them neatly in any one framing. All four of the in-depth case studies presented in this thesis display 'blurring' traits and continuing to develop theory that enhances understanding of the dynamics involved in these complex entities will be an interesting theme for future community economies research.

6.5 Diffusion with and through contextual specificity

The Citymart model takes a very structured approach to building diverse 'innovation supply chains'. By increasing the transparency of decision making at critical steps in the sourcing phase, it is able to open up previously constricted processes and increase the innovation outcomes achieved through Local Authority procurement. As discussed, the model mitigates risk, reduces costs, creates local jobs and enables the development of whole new supply chains by supporting Local Authorities to intentionally procure socially and environmentally innovative solutions.

Citymart's vision includes an ongoing growth trajectory, seeking to involve greater numbers of Local Authorities and further accelerate the uptake and development of the products and services that are core to its model. The track-record experience the suppliers gain through the process promotes confidence among purchasers, bringing about institutional level social change by enabling the creation of new markets, normalising adoption and familiarising greater numbers of people with their application.

These plans are supported by a US \$1 million investment in Citymart's growth and development that was secured in late 2013 (Citymart n.d. a). In negotiating this arrangement, of particular importance to the team was securing their independence into the long-term, and the CEO advised this was achieved by grounding the negotiations in an equal emphasis on governance, social impact and financial returns.

I suggest that Citymart is bringing a 'baroque imagination' to its scaling plans and trajectories, and with this is demonstrating that there are alternatives to 'fast policy' approaches to scaling and dissemination. By focusing attention on how decisions are made, who is involved and what assumptions are informing them, it becomes possible to reinforce an emphasis on building relationality and prioritising contextual specificity.

As discussed previously, conventional diffusion methods are based on the adoption of a self-contained innovation (product or service) that is somehow inserted into a 'receptive environment'. Using Citymart's model, Local Authorities, and their constituent citizens and stakeholders, are involved in the processes through which adaptation to their context occurs. By participating in decision-making at each step in the procurement process they become part of the innovation, making it stronger and improving its potential for further diffusion. By fostering processes through which innovations can gather 'friends and allies', adapting to their motivations and aggregating their interests, Citymart is integrating these innovations into the network of actors who have the ability to diffuse them into wider use. In this way, I offer a reading of Citymart's approach to diffusing innovations that situates it as an example of *interessement* as characterised by Akrich, Callon & Latour (2002a; 2002b). As such, with the attention to relationality the notion of *interessement* encompasses, it offers useful insights for both theory and practice into how the complex issue of scale can be usefully approached in the context of social innovation.

6.6 Towards a new ethos: What this case demonstrates

In collaboration with Citymart, Local Authorities around the world are reorganising their procurement processes in ways that provide opportunities for a much more diverse range of suppliers, and that provide developmental pathways for early-stage innovators, whilst also realising significant budgetary savings and quicker implementation time frames. The intentional diffusion of social and environmental innovations is being fostered through Citymart's purpose-built procurement model, which provides structures for organising new and different agents and processes to collaborate. Reflecting the re-organisation stage of the social innovation lifecycle that I have identified this social innovation assemblage as working at, the approach facilitates progression beyond the 'release' stage to the choice and implementation of options.

Through its model, and in partnership with its partner Local Authorities, I identify Citymart as facilitating social change in the incremental activity domain of social change in multiple locations by improving products and services. At the same time, it can also be characterised as generating social change in the institutional activity domain more broadly, by restructuring markets so as to improve the social value generated from existing procurement budgets. Over time, large numbers of citizens will potentially benefit from the improved products and services, bringing about disruptive social change through establishing new norms and behaviours.

As an intentionally-designed for-social-purpose intermediary enterprise Citymart is able to act in a central coordinating role that allows its team to support capacity building into the organisations of both purchasers and suppliers, without triggering the conflict of interest issues that are a central concern for public sector entities. By engaging with the model, Local Authorities improve their procurement practices whilst also building internal capacity to adopt elements of the processes more broadly and into the longer term.

The 'crowd-sourced' processes that are core to the model also improve opportunities for citizens and other stakeholders to participate in decision-making and so have a say in decisions that impact on their lives. I suggest that the combination of structured processes and intensive relationship building and dialogue have created a NPG framework that improves transparency and accountability, whilst also tangibly supporting the development of trust needed to creatively navigate through complex issues of technical specification, risk management, intellectual property, and ownership structures and to improve the sustainability of selected innovation outcomes.

Taken together, all of these elements of the Citymart model increase the opportunities for a diverse range of actors to influence trajectories of social change in their local contexts. In this way, I suggest that the Citymart model can be interpreted as a type of community economies 'space opener', with potential

to foster conditions that support the diffusion of cultures of ethical negotiation one City at a time.

CHAPTER SEVEN: Socio-economic development through a social innovation assemblage

Social innovation assemblages in the ‘consolidation & replication’ stage of the lifecycle are involved with leveraging resources so as to establish, stabilise and potentially scale their activities (Moore et al. 2012). Fusion21 is a social enterprise based in the Liverpool region of North-west England, which was established in 2004 by seven local Housing Authorities. Fusion21 provides an example of a social innovation assemblage that has successfully established and stabilised and, at the time of interview, when it was nine years old, was beginning to diffuse its model outwards.

Fusion21 is bringing about social change in the institutional activity domain through reconfiguring existing markets. It uses a combination of direct and indirect socio-economic procurement strategies to leverage the resources of its public sector Members. Of particular interest is that in its unique combination of sophisticated technical NPM-style tools and more relational network-management methods Fusion21 offers insights into how an NPG framework is being applied to achieve high levels of accountability and transparency, whilst also coordinating a tight-knit network where all parties have a clear place in achieving the jointly negotiated goals. The model delivers significant social value, including an autonomous funding source that is used to deliver capacity building programs for social housing tenants.

The model is based on a system of *Frameworks* that use pre-approved supplier pools and procurement templates to source and manage suppliers for key service delivery packages. One percent of the cost savings generated for Members through the use of the *Frameworks* is allocated to what Fusion21 calls its ‘social value levy’, which fully funds the development and delivery of a range of social programs. By 2015, Fusion21 had managed over £500 million worth of joint procurement contracts for 130 Members,


 The logo for Fusion21 features the word "FUSION" in a large, bold, blue-outlined font. The number "21" is positioned to the right of "FUSION", also in a blue-outlined font. The entire logo is contained within a thin black rectangular border.

“A social enterprise that promotes public procurement as a means to save money and create social outcomes”

generating £125 million in efficiency savings for its Members and over 2000 employment opportunities for local communities in the process (Fusion21 2015). Training opportunities have also been delivered for thousands of local people and an estimated additional economic contribution of over £30 million, in the form of regular paid work and reductions to welfare benefits, has been generated (Fusion21 2013). In 2014, the Founding Members transferred governance of Fusion21 to a new charitable Foundation, which they established to secure the for-social-purpose focus and to ensure a long term legacy. Figure 9⁵⁹ provides an example of a Fusion21 procurement project.

Figure 9: Using Fusion21's Frameworks system - Helena Partnerships Insulation project

Helena Partnerships Insulation Project

This project involved treating over 1,000 social housing properties with exterior wall insulation, with the first phase including 653 homes and its success resulting in a further 385 installations. Monitoring of gas and electricity bills and residents' metres show that the insulation works have cut down heat loss in residents' homes by approximately 25 to 30 percent. Using Fusion21's *Insulation Framework* allowed the project to be started up quickly and delivered in a short time frame. Agreements with other external partners meant this was a critical factor for Helena Partnerships so the Framework provided a significant benefit. Through the Framework all the contracts involved in the project were guaranteed compliant with procurement regulations, and this was able to be demonstrated in an open and transparent way and in accordance with the strict requirements of the funding partners. Using the 'direct call off' part of Fusion 21's model established a small potential supplier pool, which Helena Partnerships was then able to negotiate with to identify who would best meet the detail of their needs. By not having to include the full technical specifications up front, greater flexibility and responsiveness was achieved. As a result, Helena Partnerships was able to negotiate with the awarded contractor to establish a supply chain that included local suppliers who employed local people. This included jobs for eight people local to the social housing estate the work took place in, who were previously unemployed, and in total 80 percent of the jobs created were allocated to residents in the area local to St Helens.

The four interviewees for this study were the Chair of the Fusion21 Board; the Chief Executive Officer of Fusion21; The Director of Social Strategy for Fusion21; and The Sustainability & Innovation Manager for Helena Partnerships, one of

⁵⁹ The description is a modified excerpt from: Fusion21 n.d. a

Fusion21's Founding Members. All the interviews were conducted at the Fusion21 offices just outside Liverpool, in the UK. The CEO and Director Social Strategy were interviewed together, and the others separately. The offices were also toured.

7.1 Policy context and background

“Fusion really is a success story within an economic climate that is pretty desperate. For the public sector there is this drive to reduce public spending very quickly, very steeply. The impact of that is absolutely enormous. And in an odd way organisations like Fusion come into their own during tough times”.
(Fusion21 Board interview)

At the broad policy level, a key contextual factor that has influenced the Fusion21 model is the significant ‘austerity budgets’ climate the UK public sector has been subject to since the global financial crisis. For Local Authorities, in particular, budget projections indicate that in the not-too-distant future once legal obligations to deliver statutory services have been met, the funds available to undertake preventative and proactive social programs and to support local economic development will be limited (Fusion21 Board interview).⁶⁰ There are obviously significant issues related to the rise of austerity budgetary policies, however critical enquiry into these is not the focus of this thesis. What is being explored is the ways in which, in this climate, strategic commissioning and sourcing may offer important tools that facilitate the integration of horizontal (social, environmental, local economic) objectives into existing procurement activities.

The potential of strategic socio-economic procurement was recognised through the introduction of *The Public Services (Social Value) Act* in the UK in 2012. This is driving wider spread engagement with social value considerations in public

⁶⁰ Note that the Fusion21 Board Member interviewed for this study is also the Director of the UK's Core Cities group. For more information, see: <https://www.corecities.com/about-us/people>

sector procurement across the country. In this way, the Act is shaping the establishment of a new market by helping to ‘create the public that becomes the subject of action’ (Mulgan 2012, p.56). However, stimulating demand on its own is not enough to drive socio-economic procurement into mainstream practice and there is as yet something of a disconnect between the intentions of the Act and how it is being responded to in practice.

“It’s early days with the Social Value Bill. The problem with public sector procurement being forced to do things is that there is already an almighty list of requirements that staff have to consider and incorporate. So there’s a danger that all that happens is that social value becomes just another tick box. You have to take a realistic approach or they just find a way around it really”.
(Fusion21 Board interview)

As this quote indicates, for over-stretched staff, social value can be just one more thing to check off the list as they work through the procurement cycle. For the potential of the Act to be realised, attention to building collective capacity to engage with the nuances and complexities of implementation is needed.

Fusion21 has spent over ten years establishing and refining its approach, an integral component of which has been building capacity in the supply chain and in its membership base. In effect, the legislation validates the Fusion21 model *within* the hegemonic economic discourse, and the many enquiries related to meeting the requirements of the Act that it increasingly receives are testament to this.

7.2 Model development

In England, beginning in the 1980s, many Local Authorities began transferring ownership of their social housing stock to non-profit social housing providers like the seven Founding Members of Fusion21. The seven Founding Members were: The Riverside Group; Knowsley Housing Trust; Your Housing Group; Helena Partnerships; The Regenda Group; The Plus Dane Group; and The SLH Group.

In the context of this thesis, I position social housing providers as hybrid organisations. In law, they are recognised as public sector entities as they are responsible for the expenditure of public funds, through their tenants' housing benefit payments. This means they are subject to all the requirements placed on public sector procurement, including best-value considerations and the associated transparency and accountability standards. However, in practice they operate more like social economy organisations – but with a key distinguishing feature. Ownership of housing stock allows them to access debt financing, which is a development tool unavailable to many social economy organisations. Being for-social-purpose entities they generally use this capacity to grow the pool of social housing available and to ensure the stability of their operations.

Fusion21 advises that one of the drivers for the Founding Members in initiating *Project Cinderella*, the original scoping study, was an 'overheated' property maintenance market. At the time property-related contractor services were in short supply and this climate was causing an escalation in costs and reducing service quality. This was threatening financial stability and impacting all aspects of the best-value the Founding Members were able to achieve through their procurement activities. With their relatively fixed budgets and broad value considerations, the situation was unsustainable and there were therefore strong incentives for considering potential collaborations.

As the Founding Members were all social housing providers their procurement needs were very similar, and they also had common and embedded social objectives that related to improving quality of life for their tenants. All interviewees agreed that this commonality of need and purpose was instrumental in developing the conducive working relationships that have allowed the model to thrive. One of the Founding Members described the opportunities they identified thus:

"The key drivers were really getting better value and improving job and training opportunities locally. We looked objectively at what we were doing and we were all doing common things - like fitting central heating systems. But the founding members were fitting seven different boilers. What if we could

all use the same ones . . . When we went to market together, the joint buying power made us into a big player. A lot of things stemmed from those first processes, that was where it started". (Helena Partnerships interview)

The investigation into a possible joint purchasing model identified the potential to generate an average of ten percent savings across the spectrum of procurement activity. This was well above the anticipated savings of one percent, and the robustness of the modelling and research generated enough confidence for the project to proceed. Each Founding Member contributed to a loan pool of £265 000, which was used to establish Fusion21. This investment was made possible through their status as social housing stock owners, which allowed them to draw down capital as required.

The model was initially tested in a small number of procurement categories, allowing the savings projections to be proven and for further confidence to be established. Expansion into additional categories was undertaken carefully, with each step fully researched and tested before being integrated into the model. Through discussions with the interviewees, I identified this gradual building up and refinement of the model as characteristic of Fusion21's approach, along with the involvement of all the Members in systematically working through and negotiating the significant technicalities involved.

The initial establishment loan was re-paid in full within 12 months, and Fusion21 reports it has generated a profit every year since becoming fully self-sustaining since that time, in addition to establishing a 'social value projects' funding pool of its own. Until 2014, when the Fusion21 Foundation was established, the seven Founding Members all held positions on the Board of Directors, ensuring hands-on involvement in all governance matters.

7.2.1 Membership model

At the time of interview, Fusion21 had a membership base of over 130, which includes social housing providers, Local Authorities and other public sector

agencies. Membership is open to any public sector organisation across the UK, there are no fees, and there is no minimum expenditure or potential spend requirement. Members are essentially clients. Membership is established when an entity 'calls off' - or accesses - one of the *Frameworks* (see below), which by default triggers the universal terms and conditions. By joining Fusion21, Members also agree to the Procurement Policy, which explicitly states the social value commitments, as shown in Figure 10 (Fusion21 n.d. b).

Figure 10: Fusion21's Procurement Policy

Procurement Policy

It is the policy of Fusion21 Limited to use our experience and business model to promote compliant, socially responsible public procurement (SRPP) as a means to save money (Cashable Savings) and generate social value (Non Cashable Savings) for the benefit of our current and future members and the geographical areas and communities that they operate in. Our Procurement Policy ensures that all procurement activities carried out by, or on behalf of Fusion21 Ltd are:

1. To service the business needs and social priorities of our current and future members.
2. To provide compliant and collaborative electronic and aggregated procurement and procurement products that are efficient, save money, generate social value and relevant to our members.
3. To provide affordable value to our members by the issuing of annual benefits statements, benchmarking and supply chain management data and collection and management of Key Performance Indicators.
4. To deliver demonstrable efficiency savings, control costs and social value to our members and market and champion their achievements.
5. To promote the use of Small and Medium Enterprises (SMEs) and Social Enterprise (SE) in Fusion21 Ltd Supply Chain by being accessible and transparent.
6. To reduce environmental impacts of our supply chain through the use of Key Performance Indicators in our JCT Framework Agreements and where practicable seek green alternative procurement options.
7. To use recognised best practice, wherever appropriate and adhere to Central and Local Government procurement policies that support business excellence and the Governments Construction Strategy.
8. Align and support our Safety, Health, Environmental and Quality (SHEQ) policies.

As a Social Enterprise in our own right, we are also committed to:

1. Supporting local communities to work together to for a better future
2. Championing local employment within the communities we operate within
3. Maximising trade opportunities with other likeminded organisations
4. Leading the way in ethical procurement and management of our supply chain

Fusion21 measures its membership based on how many entities are actively using its *Frameworks* at any time. This approach demonstrates the sharp focus on driving outcomes, and is designed to ensure that the model cannot be diluted by

entities interested only in compliancy status - for example, around requirements related to the *Social Value Act*. The CEO described the intention behind this approach:

“Some agencies claim membership of organisations such as Fusion21 because it helps them tick certain boxes in the regulatory process, but then never actually do anything. We do it our way to prevent that. We only want to work with organisations committed to working with us and to driving social outcomes. It's not good for our brand otherwise. We know other organisations that have thousands of members, but have a very long tail in terms of only having a small percentage active”. (Fusion21 interview)

Using activity as the measure ensures the membership is dynamically engaged with the model, including in generating revenue for the social value activities, and also helps to prevent possible stagnation within the pool.

7.3 Improving efficiencies to deliver best-value

All public sector entities in the UK are subject to the European Union procurement regulations. Fusion21's Members are designated Contracting Authorities under these regulations. This means they are authorised to qualify, hold and manage contracts involving public funds, and that they must publicly advertise procurement opportunities above a certain expenditure threshold in the Official Journal of the European Union.⁶¹

The time frames involved and the level of resourcing required to fulfil these obligations can pose challenges for some public sector entities. Allowance is therefore made for collaboration, through the establishment of a Central Procurement Agent (or broker) to act on behalf of a group of Contracting Authorities. Fusion21 was established as a qualified Central Procurement Agent by its Founding Members, and as such is authorised to coordinate and broker procurement activity on behalf of its membership base. It is this status, as a

⁶¹ For more information, see: <http://www.ojec.com/>

Central Procurement Agent, that allows Fusion21 to develop and apply the *Framework* agreements that are central to its model.

The team identified early on that fairly routine products and services offered the greatest opportunities for improving efficiencies and facilitating bulk purchasing agreements. Due to the routine nature of these activities, under usual public sector procurement processes they are rarely subject to the types of strategic commissioning processes discussed previously.

Through the reading presented here, the model is identified as using a sophisticated two-tiered approach to socio-economic procurement that successfully combines direct and indirect forms. By engaging Fusion21 its members are directly purchasing from a social enterprise, whilst the *Frameworks* incorporate community benefit clauses and other indirect mechanisms into what would otherwise be fairly regular contracts.

Today, *Frameworks* are available across 15 service packages, as shown in Figure 11⁶² the current *Framework* packages include: installation of heating systems, kitchens, bathrooms, windows and doors; void security and works; installation and maintenance of roofing; maintenance and servicing of heating systems; lift installation, repair and servicing; retrofitting properties; external painting and repair works; a wide range of facilities management services; ground works; building whole houses; refurbishment of high rise apartments; and a project management and consultancy service.

⁶² Source: Fusion21 2015

Figure 11: Fusion21's system of Frameworks

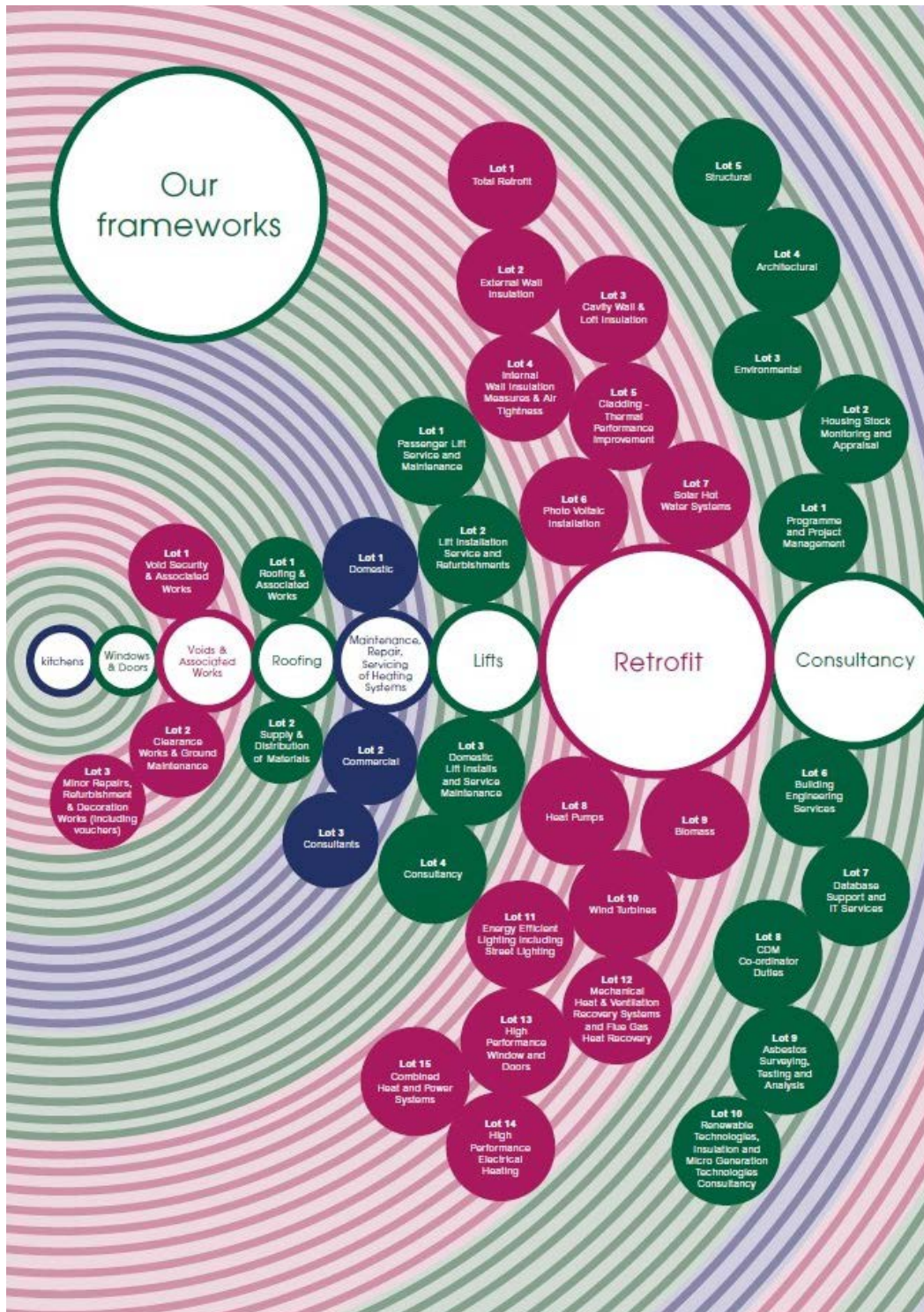
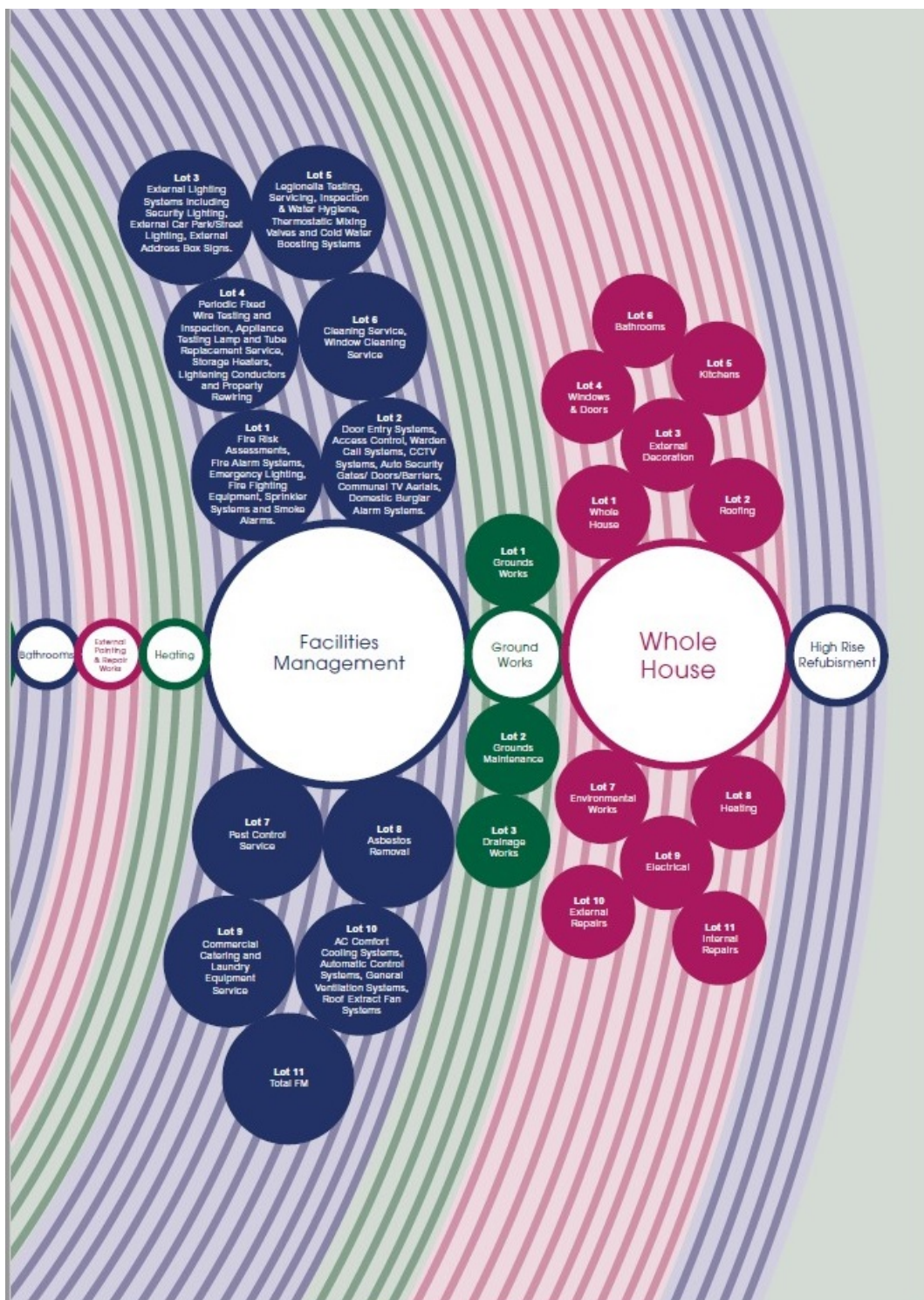


Figure 11 continued: Fusion21's system of Frameworks



Each *Framework* 'package' is divided into 'Lot' sub-packages and includes template documentation for all aspects of the procurement process, as well as a complete supply chain – from manufacturers, to distributors and services providers – for the specific type of product or service. Fusion21 advises that it is important to their Members that the *Frameworks* also include managing the relationships with all the entities involved in delivering the contract. The cost savings achieved for Members flow primarily from the central coordination of the complete package. This reduces duplication of procedures and eliminates the administration cost loadings that are usually added by each supplier involved in a supply chain. It also delivers substantial workflow advantages, as the critical path for the complete project is handled centrally. This reduces waiting time between stages, and further cost loadings that often result from keeping suppliers on call while problems are addressed (for example, delays in delivery of necessary materials).

Fusion21 presents aggregated demand to the market, which means it has significant purchasing power. For example, it purchases huge volumes of heating systems on behalf of its Members and in the early days some maintenance issues that were common across the membership base were identified - of the type that would usually be considered acceptable within the scope of the agreement, and so were not being reported by other smaller volume and more sporadic clients. The Fusion21 team was able to raise the maintenance issues directly with the manufacturer who quickly and easily addressed them. This extended the life of the equipment considerably beyond the projected life span and reportedly resulted in savings of £13 500 000 over ten years (Helena Partnerships interview), and established confidence in the model at a critical stage of development.

Suppliers involved in Fusion21's *Frameworks* also have a relatively high success rate on tender responses and gain access to a more steady flow of work - contractors in the regular construction industry in the UK have a tender success rate of 1:6.7 (Helena Partnerships interview). Fusion21 advises that its suppliers recognise the opportunities that being included in a *Framework* offer, in terms of

volume and longevity of work, and therefore are willing to negotiate attractive prices whilst also delivering strong compliancy with the standards required of the public sector Members.

For Members, the model has proven to deliver substantial cost savings through eliminating hidden loadings, improving efficiencies at each step of the process, and through bulk purchasing power. In addition to cost savings, the *Frameworks* also offer a number of other procurement-related benefits. They are guaranteed compliant with all European Union and other procurement regulations and the workload, risk and timeframes required to undertake the sourcing phase of the procurement cycle are therefore significantly reduced. Members access higher quality goods and services than they would be able to on their own (due to limited purchasing power) and these benefits flow on to their tenants. The green credentials of materials and processes are also prioritised and integrated into *Frameworks*. This improves the performance of assets over time, ensures the Members' compliance with increasingly rigorous environmental standards, and also delivers household-level cost savings to tenants.

7.4 Beyond best-value - Fully integrated horizontal objectives

The reading of the Fusion21 model presented here demonstrates how a for-social-purpose intermediary can drive social value outcomes through a diverse supply chain that includes entities from across the 'purpose' spectrum. It shows how it does this at the sourcing phase of the procurement cycle, using an innovative form of socio-economic procurement that combines direct and indirect strategies. I suggest that in *how* this is achieved, the Fusion21 model provides a strong example of procurement strategies enabling social innovation assemblages – activity that builds capacity amongst those involved, whilst also addressing identified social needs. In this section the layers of 'better value' outcomes generated through the model are explored in more detail.

7.4.1 Better value for Members

“Efficiency is often described as more of the same for less. This business model was designed to deliver more for less, and there's not many organisations that can say that”. (Fusion21 interview)

The Fusion21 team advises that the efficiencies and cost reductions the *Frameworks* deliver are designed with a very specific purpose at the core. Each and every contract delivered through Fusion21's *Frameworks* system includes a one percent social value levy that is assigned to social value programs. The levy is built into the contract price, ensuring complete transparency, and is non-negotiable. Involvement in and commitment to this aspect of the model is an implicit requirement of becoming a Fusion21 Member or supplier. The social value levy generates additional value for Members, over and above the procurement-related benefits and cost-savings discussed above, by allowing them to integrate a range of horizontal objectives into their procurement activities.

Many of the Fusion21 Members apply some aspect of their social value levy to local regeneration projects, including upgrading community facilities and supporting community capacity building initiatives. Being aligned in purpose, Fusion21 also ensures Members' requirements around tenant involvement and amenity are integrated into how projects are delivered. This includes engaging residents early in the process around a package of work that may impact them. Communication groups are established, people are involved in the design phase and in finance groups for the projects, schedules are arranged to ensure the minimum disruption to households, and issues are tightly managed.

However, the primary social value objective for most Members is the creation of employment and training opportunities for their constituents. Therefore, a standard social clause in Fusion21's supplier agreements is that for each £500 000 of contract value an employment opportunity must be created by the supplier.

This is a big challenge - many of the potential participants are described as 'far from the labour market' and require substantial support to transition into employment. As a result, bespoke and targeted programs designed around pre-employment training; technical skills training - including apprenticeships, placements and traineeships; and digital, social and/or financial inclusion issues are required to facilitate effective outcomes. Importantly, as the social levy is fully integrated into the model, an autonomous and stable funding source for these employment and training programs is secured from existing budgets.

As a general rule, property maintenance related contracts are core expenditure items for social landlords and other public sector asset owners and as such are prioritised in budget allocations. However, there are often only small funding pools available for tenant support programs, and so Members are usually reliant on grant funding from other public agencies to deliver these activities. Grant funding commonly includes requirements around participant eligibility - for example, specific age groups or people from particular postcodes. Fusion21 reports that through its model, Members are able to use their social value levies to take a more comprehensive approach to developing support programs, working across whole social housing communities and more proactively with constituents to improve socio-economic conditions. As hands-on delivery of the programs is undertaken by Fusion21's specialist team, the Members also no longer need to try and develop strategies for how they might provide these skills themselves.

The other significant advantage the Fusion21 model offers to Members is the reporting on performance against the social value objectives included in a contract. This area of socio-economic procurement practice is at an early stage of development globally, and lack of progress is limiting the uptake of strategies across the broad spectrum of potential policy domains (Barraket, Keast & Furneaux 2016). Often purchasers receive little in the way of data to verify that specified social value outcomes have been achieved. Fusion21 advises that not having regular access to this information makes ongoing contract management challenging for its Members, and also impacts their ability to consider program

effectiveness at a broader level – including in any comparative sense, both against other programs and against alternative approaches. Some Members turn to costly external evaluation methods to try and bridge the gap, but as suppliers often either do not have data or will not provide access to their records, these attempts are often limited in usefulness. Fusion21's approach therefore provides process-based insights that could be useful to many working in the field.

The Fusion21 model integrates reporting on employment data into supplier contracts, meaning the data must be provided or payments can be withheld. Suppliers consequently ensure they have the capacity to do this from the outset, and are incentivised to maintain records appropriately. The submission rate is high, and data quality can be confirmed before payments are processed. As Fusion21 provides or facilitates access to the training opportunities, it generates this data component from its own records. With information being collected on each and every contract, it becomes possible to generate benchmarking reports - within different service delivery areas, between Members, and across suppliers. Members are provided with regular contract reporting and more strategic benchmark style reporting as part of the package delivered through the model. This improves their own performance reporting at no extra cost or workload. It also ensures that all parties are confident about the best-value and 'better value' being generated through the model. In this aspect of its model, I identify that Fusion21 is using a combination of intense relationality and tight accountability to balance flexibility with transparency requirements, demonstrating how mixed-modes NPG governance can be applied in practice.

Transparent reporting processes and joint problem solving have helped facilitate a dynamic culture at this level of governance. Trust that common interests are driving a genuine partnership is essential to the relational, co-production style approach (Fledderus, Brandsen & Honingh 2014, pp.431-432) that characterises the Fusion21 model. One of the Founding Members described the culture that has developed thus:

“You've got to substitute common interests for individual interests. Put away yourself. Once people bought into that, it was the people who made things happen. The strength of the people and the relationships. Once we had that commitment, once the penny dropped - it's that that everything else flowed from”. (Helena Partnerships interview)

7.4.2 Better value for suppliers

The Fusion21 model addresses a key issue identified through the market research undertaken during the early *Project Cinderella* stage. Due to a number of practical constraints, the outcomes generated through the social clauses being included in contracts by public sector purchasers were limited. Because of the nature of the Members' business, the majority of the suppliers engaged were in the construction industry and associated sectors. Significant amongst the constraints identified by the team were the lack of expertise and limited time capacity these suppliers had to engage in the necessary and highly specialised support activities. However, to be eligible to bid for the work they had to address the social value aspects of the award criteria. Fusion21 advises that suppliers involved in its early research divulged ('off the record') that their pragmatic response to managing this was to bury an additional loading within the contract pricing, to cover extra management costs and unforeseen challenges. As indicated in this quote, Fusion21 identified this as an opportunity:

“We got the contractors and we asked - when these clauses are written into the contracts, what do you do. First of all, the majority said 'my bloody heart sinks'. And they were also pricing anything between four-six percent of contract value to do it. So our thinking was - if they want to charge that to do something that they're not very good at anyway, wouldn't it be a saving if we made it one percent, collected it in a central pot and delivered those outcomes ourselves”. (Fusion21 interview)

From the supplier perspective, the transparent percentage aspect of the model is reportedly extremely attractive. It allows them to compete for public sector contracts, without having to take on extra responsibilities or develop capabilities quite different to their usual sphere of operations. They can rely on Fusion21's specialist Social Value team to provide the support needed to design and deliver

the employment and training outcomes, which in turn reduces their risk and allow them to price their tender responses without having to guess at the cost aspects.

Fusion21's model is unequivocally designed to achieve the lowest possible price at the highest possible quality. Despite the pressures these often competing priorities bring, becoming a Fusion21 supplier is considered an attractive opportunity and one that, once achieved, suppliers strive to maintain. This is critical to the success of the model, as without high functioning in this aspect it would amount to no more than good intentions. The team advised that the objective is to be the 'most attractive client in the market place, the one that everyone wants to work for'. This goal was established from the early stages, and therefore a number of key suppliers were involved in designing the structure of the model to ensure it was achieved.

Achieving the volume of opportunities that facilitates the buy-in from the supplier network is made possible through the unbundling approach at the core of Fusion21's model. 'Bundling' is a common practice in public sector procurement and involves developing one contract through which to source a (potentially quite varied) range of services and products related to a particular piece of work. The practice is widespread as it is said to improve efficiencies and reduce administrative costs and in addition it is an example of a pure NPM approach to attempting to achieve efficiencies. In practice it often locks smaller and specialist suppliers out of responding to contracts and results in concentrated supply pools dominated by a small number of large entities. In the worst case scenario, over time these entities can become monopolistic in their behaviours which reduces any benefits that may have been gained (Bauld & Ackerley 2013). As Fusion21 found

"by separating the supply chain from the installation and buying of products it meant that the SMEs could compete with the bigger companies. We weren't relying on them for the whole package – expecting them to have the buying power, credit worthiness and systems of the big companies." (Fusion21 interview)

By structuring the model to purposefully create opportunities for local SMEs, Fusion21 is also ensuring the long term and stable development of a diverse and distributed supplier pool, through which continuous improvement of its model can be driven. In turn, this contributes to local economic development outcomes as discussed further below.

7.4.3 Better outcomes for participants

With their direct contact and strong relationships with the supplier network Fusion21's team is able to work collaboratively with individual contractors to identify real employment and training opportunities that can be achieved within the scope of specific work packages, and without jeopardising the timeliness or quality of project delivery. In my experience, this is a significant achievement and a juggling act that many similarly minded entities fail to execute.

With its large membership base and number of contracts active at any one time, Fusion21 has also been successful in smoothing out some of the 'short-termism' that targeted employment and training programs often suffer from. A purchaser could not require, for example, that a supplier create a long-term role for a participant when it is offering a six-month contract opportunity. In many cases, Fusion21 is able to keep participants in longer-term employment by moving them onto new contracts as they become available.

"The jobs sit with our suppliers, but we ask the supplier exactly what job outcomes the work will bring. So if you've got 400 bathrooms to install, if we insisted that all the jobs were apprenticeships they'd never be able to do it. . . Being flexible has enabled us to put 'lads and dads' into work. Because we're not relying on government funding, we can look at it in the broadest sense – see what's actually going to work and not just tick-off target group quotas and the like". (Fusion21 interview)

Fusion21 is able to achieve this flexibility through a separate service it has developed, which runs parallel to its *Frameworks* system. Through its *Employer Pool* program, it acts as the ongoing employer – taking on the administration,

insurances and risk and allowing suppliers to draw on the resources they need as they need them, and improving the consistency of workflow for participants. This approach provides another example of the diverse economic practices embedded in Fusion21's approach.

Fusion21's Members and other stakeholders report that the continuous work-related activity and ability to accumulate an income stream have substantial impacts for many participants. The Fusion21 team is strongly committed to its sustainable jobs focus, and being a for-social-purpose entity this commitment translates directly into decisions about how contracts are configured and where resources are allocated. In this way, Fusion21 is demonstrating how community economy spaces for ethical decision-making can be created and sustained through reconfiguring existing practices and relationships.

7.4.4 Better local economic development outcomes

Fusion21 also has a clear socio-economic purpose in relation to local economic development which it enacts through building capacity and stability into its supply chain. In Fusion21's core operating area of north-west England 95 percent of people working in the construction industry are employed by an SME. If their workflow is steady, it is therefore arguably these businesses that are best positioned to provide longer-term employment opportunities for supported program participants, allowing them to transition into the mainstream labour market.

In return, the SME suppliers have access to a trained-up workforce with experience in their specific operating context. Fusion21 advises that this helps smooth out the skill shortage issues the construction sector is often subject to, allows the SME suppliers to make the most of opportunities when demand increases and to minimise the reputational and other risks associated with taking on untested employees. A steady stream of work for this sector flows on to

significant positive outcomes for local residents and households in the region as a whole, beyond social housing tenants.

Whilst no specific assessment has been undertaken to validate the local economic multiplier effect – the additional economic benefit accrued to an area from money spent in the local economy (Moretti 2010) - of Fusion21's model, it is also certain that a significant portion of the income generated across all these groups is spent on local purchasing, generating further economic benefits beyond the immediate supply chain.

Fusion21 also undertakes other initiatives designed to support the local SME sector and local economic development opportunities. One specific example of this that was described in an interview, was the delivery of a training program for local gas fitters. Many different heating systems exist in this service area, and it was found that many tradespeople were familiar with only one or a small number of these. This limited the number of contracts they could be engaged on, and also caused bottlenecks in service delivery. Fusion21 offered a mass training program for local suppliers that covered a range of systems. This improved performance on its own contracts, whilst also enhancing participants' skills and their ability to gain further work from other clients.

On a more general professional development level, Fusion21's approach also fosters a positive culture within the network. A report that Fusion21 commissioned on its own performance showed that suppliers who are not treated well and fairly can be tempted to resort to actions like giving priority to other clients (causing timeliness issues), adding loadings to prices, and taking short cuts on workmanship. By taking a transparent and ethical approach to how it manages relationships across its extensive supply chain a culture of good practice has been established – the benefits of which flow on beyond its own activities.

Combined purchasing power and regular contracting also stabilises the workflow of local manufacturers, which can have an impact on the broader labour market

also. In one instance, the volume of business Fusion21 was offering was such that a supplier opened an additional manufacturing line specifically for heating systems in their Derbyshire based factory, creating new employment opportunities for the local population in that region.

7.5 Diverse actors and processes in the Fusion21 assemblage

“This model works. We don't get grants, we are completely self-sufficient and don't need any handouts from government”. (Fusion21 Board interview)

Collaborating to establish a purpose-built procurement broker allowed Fusion21's Founding Members to share and jointly manage the risk of developing the model, and also instances of contractual risk associated with their ongoing procurement activities. Fusion21 is clear that the success of the model is due to the fully integrated nature of the two key elements – the cost savings generated through the Frameworks, and the social value levy this facilitates.

As indicated in Fusion21's Procurement Policy (see p.200), these two forms of value are what Fusion21 refers to as the cashable savings and non-cashable savings that the model generates. To achieve these mixed value outcomes, the model draws on a diverse assemblage of economic actors and processes as shown in Table 13.⁶³

⁶³ Adapted from: Gibson-Graham, J.K. (2006); and Gibson-Graham, J.K., Cameron, J. & Healy, S. (2013)

Table 13: The diverse economic agents and processes that constitute the Fusion21 model

Labour	Enterprise	Property	Transactions	Finance
Waged <ul style="list-style-type: none"> • SME owners & workers 	Capitalist <ul style="list-style-type: none"> • Local SMEs – manufacturers, distributors, service contractors 	Private	Market <ul style="list-style-type: none"> • <i>Framework</i> agreements • Consultancy & other services 	Market
Alt. paid <ul style="list-style-type: none"> • Social housing tenants & others 	Alternative capitalist <ul style="list-style-type: none"> • Fusion21 	Alt. private <ul style="list-style-type: none"> • Social housing stock 	Alt. market <ul style="list-style-type: none"> • Central Procurement Agent agreements 	Alt. market <ul style="list-style-type: none"> • Social value levy
Unpaid	Non-capitalist <ul style="list-style-type: none"> • Fusion21 Foundation • Public sector Members • Not-for-profit partners 	Open access	Non-market	Non-market <ul style="list-style-type: none"> • Members' operating budgets • Fusion21 Foundation grants

Suppliers pay a commission to Fusion21 when they are engaged under the *Framework* agreements, and these fees cover the considerable work involved in designing and establishing the agreements. Pure NPM-style contracting tends to be adversarial in nature as it is designed to stimulate competition, and through this lens suppliers (and a critically motivated analysis) could interpret the extensive requirements imposed through the Fusion21 model as extractive. This kind of negative orientation could potentially lead to suppliers exhibiting opportunistic behaviour, which in turn would deepen the adversarial nature of relationships. Rather than relying purely on competitive advantage however, the Fusion21 model combines its determined focus on efficiencies with a relational approach that demonstrates to its supplier network that it has a genuine commitment to them and to their local communities. The surplus flows the model generates, and the long term commitment of these to social value activities, is a key aspect of this. These factors, together with the workflow benefits the model delivers to individual suppliers, have instead positioned the complete supply

chain with what Bovaird describes as ‘collaborative advantage’ in its markets (2006, p.83).

Establishing the broker role as a social enterprise was a clear and intentional decision by the Founding Members, as it ensures the social purpose is embedded into all aspects of the model. It also means that the substantial cost savings and efficiencies generated for the public sector Members are retained in the public purse, and not extracted to benefit private interests. The surplus (or profit) Fusion21 generates for itself, over and above its operating costs, is reinvested. Since 2014, this has been through the Fusion21 Foundation, which the Members established as a charitable body to further embed the social purpose and to ensure a long term legacy. The Foundation uses the funds to deliver its own projects and to support those of other social enterprises that have complementary socio-economic objectives. As the Board member suggested, this approach systemically embeds support for public sector objectives and obligations:

“The question for us, that the public sector should be asking itself, is not why should we engage social enterprise - but why are we not. Why are we not using a social enterprise model that would return 100 percent of the profit back into the objectives we have anyway?” (Fusion21 Board interview)

It was clear through the interviews that close attention to sound business practices underpins everything Fusion21 does. The team has a strong view that to realise its potential, the social enterprise sector needs to move from a ‘cap in hand’ approach to a focus on reconfiguring markets to establish viable income streams for itself, and that it is through this that there is potential to affect broader scale disruptive social change through socio-economic procurement strategies. This ethos has driven the single-minded refinement of all aspects of the model over more than a decade. Fusion21’s ethos is typified in this quote:

“Social enterprise has still got a lot of issues that it needs to square up against I think. Not least that it’s seen as charitable and part of the third sector. We’re more closely aligned with the private sector. The difference is what we do with our profit. We’re here to make money – but we’re here for the social outcomes. ‘Commercially minded, socially driven’ - that’s us”. (Fusion21 interview)

In the Fusion21 example, I identify that none of the 'rules of the game' were taken as given and joint negotiation of bespoke ways of working has been a 'process of social construction' (Bovaird 2006, p.99). All aspects have been purposefully designed to deliver value in relation to the commonly held socio-economic objectives. I was advised that for the Founding Members, an important starting point for developing the model was challenging the notion that social enterprises (and for-social-purpose entities generally) somehow lack the necessary acumen, capacities and inclination to compete 'properly' in the market, and therefore cannot deliver the quantity or quality of value that engaging commercial businesses (Munoz 2009, p.71) and pure NPM-style processes does. These notions are constructed through a 'process of entitlement' and have their foundations in key assumptions, such as the primacy of 'market logics' – and as I show through this reading of the Fusion21 model, the 'decisive univocality' of this narrative can be de-centred when these assumptions are questioned (Dey 2006, p.126) and through this process different decisions can be made.

Now that it has the data and track record, Fusion21 is in a strong position to clearly demonstrate the different forms of value that working with for-social-purpose partners can generate. With this in hand, the model offers a significant contribution to consolidating the case for direct socio-economic procurement strategies, particularly where there are opportunities to integrate multi-faceted horizontal objectives. As this case demonstrates, the close alignment of purpose with the public sector in these areas, along with the for-social- purpose driven operating structures, make social enterprises particularly suited to acting as intermediaries in the procurement domain. This alignment was clearly captured by the Chair of the Fusion21 Board:

“One of the things we've been saying to the public sector is 'why are you letting all those massive contracts with the private sector'. It's about the best outcomes and the best return on your investment overall. We've looked at some of those big contracts and can see that the value just isn't there. The response from the public sector now is 'should we bring that back in house'. The question we're raising is 'could social enterprise do that for you, in a different way'. The private sector equation means that there must be some profit - whatever you're doing you've got to have a slice of that for your shareholders. We're not arguing about that, profit is not a dirty word. Profit is

a good word. It's just that we choose to do something different with our profit. We have this motto - profits into people and not pockets. That's the difference really". (Fusion21 Board interview)

7.6 Consolidation and replication through diffusion

To facilitate ever greater economies of scale in pursuit of higher profit margins, growth in size can be an assumed goal of commercial business models. Being a successful enterprise with sufficient and autonomous resources available means Fusion21 has many options in how it chooses to grow its social value 'returns'. As a sector, social enterprises typically struggle to access the financing required by businesses across different stages of development, including when growth opportunities exist (Burkett 2010a), and so Fusion21 is in an enviable position in this regard. However, as a for-social-purpose entity Fusion21's motivations for consolidating and replicating its model are driven by its social value mission. How it is navigating this stage of the lifecycle demonstrates that alternatives to traditional growth trajectories are possible, and I suggest its approach provides insights useful to both practices and theorising around social innovation assemblages and the complex issue of diffusion.

As its confidence grows and its reputation spreads, Fusion21 is experiencing a significant period of growth. It now has Members across the UK, and its core business with this group continues to increase steadily. As the *Social Value Act* becomes established, the team considers the potential in this area to be substantial, and continues to strengthen its service offerings to support those seeking to meet the requirements of the Act. Fusion21 reports that the organic growth it is achieving is substantial and that the potential size of the market is 'enormous', so its growth in this regard could be regarded as on a fairly conventional business trajectory.

At the distributional surplus level, the Fusion21 Foundation has been created by the Founding Members to ensure profits are diffused in ways and support

activities that meet their jointly negotiated objectives. The creation of the Foundation protects this legacy by enshrining the mandate in law.

In its region, in North-west England, there is potential for Fusion21 to grow its social value through expanding the Social Value team organically and alongside the expansion of the commercial side of operations. As the model is expanded into other parts of the country however, this becomes a much more difficult proposition. Fusion21's own research identified that effective 'scaling out' or replication of social service models is notoriously difficult, due to staff not having the depth of relationships or the same level of familiarity with all the different elements that make up the new context. In Fusion21's case, because many of its Members have place-based social value objectives, successful diffusion of its model is dependent on being able to achieve high levels of effectiveness in multiple locations - near and far - simultaneously.

Characteristic to what I identify as its mixed-modes approach to governance and 'baroque' attention to specificity and context, Fusion21 is approaching this complex and highly sensitive issue through a strategic partnering model. In areas where there are strong concentrations of activity emerging, such as in parts of London, it is actively seeking out like-minded partners that have good local knowledge and strong relationships to work with. The team advised, for example,

"We now have 29 social housing Members in the south east and London. So we've created a partnership with a social enterprise in London who can deliver our job outcomes there. We won't leave them to do it on their own. But they're an employment focused and social housing related enterprise - like us, a social enterprise created by the sector for the sector. So there's a perfect like-mindedness there, for working together". (Fusion21 interview)

The concept (at the time of interview) was that the central Social Value team will be involved in establishing the social value fund with the Member, including developing the specific objectives, identifying the participant groups, and designing the activities. The local partners will then deliver these, with capacity building support from the central team. Over time, as confidence grows and relationships with new Members mature, the central team should be able to draw

back and allow the relationships to develop fully at the local level. The particular configuration will be different in each place and with each Member, to ensure responsiveness to the local context and partner organisations.

The model is also being diffused outwards by applying the approach honed in the social housing sector to other public sector domains. New and potential partners in these areas are being found in agencies with a focus on education, health, justice and transport. As the team advises: “we don’t need to know how to actually build a house, we need to know how to buy stuff – and we’re really good at that” (Fusion21 interview). The opportunities to establish new markets across a broad range of public sector procurement activity, particularly with the implementation of the *Social Value Act*, seem wide open.

Interestingly, Fusion21 reports that its expertise is also starting to be sought from organisations outside the public sector. In one case the interest has come from a commercial business interested in the social value expertise the team can bring, as it strengthens their offer in tender bidding processes. In another case Fusion21 was asked to advise a commercial business on supply chain management for a public sector contract bid - if the bid is successful Fusion21’s supply network would be included, further growing its volume capacity.

Rather than investing in establishing regional offices - which can be costly and require a high level of management support - the team was looking at complementing its ‘strategic social value partner’ approach with regionally focused Member groups. In effect these would be user or customer groups that can provide feedback and input on performance, challenges and opportunities. They would also have the added benefit of encouraging discussion amongst Members, which they report has been proven in the past to have an important capacity building effect – informing and educating those involved around the nuances of socio-economic procurement as activity builds.

Currently in the consolidation and replication stage of the adaptive cycle, Fusion21’s objectives in this area show a for-social-purpose enterprise

attempting to balance the pull of the 'romantic' potential for 'scaling up' using 'fast policy' style approaches with its 'baroque' roots in specificity and close attention to context. As it attempts to move from the consolidation and replication to the conservation stage of the lifecycle, maintaining the focus on specificities so that the connections between 'controversies' and 'unstable and shifting frames of reference' (Latour 2005, pp.23-24) are always in focus will be an important factor in successfully negotiating solutions to pragmatic issues and to navigating structural barriers.

I suggest that the gradual approach to development, including how growth opportunities are being approached, reflects the findings of Akrich, Callon & Latour (2002a, p.195) in their exploration of the adoption and adaptation of successful (technological) innovations. In their *interessement* model they identify that diffusion is more a process of overlaying and integrating with the old, rather than replacing with the new. Through examination of the Fusion21 case, I argue that this finding supports the use of a mixed-modes approach to governance in socio-economic procurement – to provide the flexibility to innovate and constantly search for better ways, whilst also building on existing processes and frameworks to ensure integration within the dominant policymaking framework. The balance needed can be read as being achieved through a 'best of both worlds' approach. The efficiencies and transparency made possible through NPM-style systems and processes are combined with the enhanced interaction and commitment generated through network governance-style approaches – resulting in an effective NPG framework designed specifically for the purpose (Klijn & Koppenjan 2012, pp.599-600).

7.7 Towards a new ethos: What this case demonstrates

I suggest that the Fusion21 model provides a strong example of how direct socio-economic procurement strategies can and are enabling a diverse social innovation assemblage. Faced with the complex challenges of reducing budgets

and increasing social need, Fusion21's Founding Members decided a long-term and proactive approach was needed. They invested in developing and then refining a strategic sourcing model that has resulted in a genuinely collaborative approach to supply chain management. Through this they have been successful in addressing their spiralling cost issues; creating significant and meaningful training and employment opportunities for their constituents; improving conditions and stabilising workflow for local SMEs; and generating broader local socio-economic development outcomes. At the same time, they have created a successful, self-sustaining social enterprise that has established sustainable markets for itself and for a diverse range of economic agents, whilst also generating surplus funds for re-investment into jointly negotiated socio-economic objectives.

Through collaborating on what and how they were purchasing, the public sector Founding Members refined a purpose-built model that intentionally leverages resources and opportunities to deliver not just best-value but 'better value', and I suggest that whilst not tested that it is probable that this is well over and above what could have been achieved using pure NPM-style approaches.

The gradual and iterative development of the model, over a period of more than ten years, is an important feature of the Fusion21 model. It shows how a clear vision and sustained commitment from public sector entities can create the conditions for social enterprise to survive and thrive and to diffuse its model in a way that protects the for-social-purpose agenda. Providing an example of *interessement*, Fusion21's approach – which both facilitates and relies on the 'gathering of friends' (Akrich, Callon & Latour 2002a) around this goal along the way – also demonstrates how diffusion agendas can be approached in ways that promote the reconfiguration of social relations and participatory governance.

I identify that at the core of Fusion21's success has been the mixed-modes governance framework, which has enabled and secured the collaborative advantage positioning Fusion21 and its entire supply chain now have in the market. Alongside the maturation of the social value procurement strategies

being introduced into the UK procurement market more broadly, Fusion21's consolidation and replication stage is developing, as is its confidence in an emerging advocacy role. As these factors continue to progress, through its tangible demonstrations of how high level policy directives can be configured to protect and grow social value outcomes, Fusion21 provides a significant example of how intentional policymaking can bring about wider disruptive social change.

CHAPTER EIGHT: Supporting a social innovation assemblage to transform success into resilience

Social innovation assemblages in the ‘conservation’ stage of the lifecycle are involved in establishing new norms, skills and efficiencies, and in preparing to adapt to any changes in their operating context that may be occurring (Moore et al. 2012). KOMOSIE (Federation of Environmental Entrepreneurs in the Social Economy) was established over 25 years ago in Antwerp in the Flanders region of Belgium. It is a social enterprise going through a transformative change process.

KOMOSIE was established to act as a coordinating and support entity for its Member enterprises - 31 independent Re-use Centres based around the region. Together these Centres own and manage over 120 re-use shops that operate under the collective De Kringwinkel brand. Through the advocacy, training and coordination work of KOMOSIE, the network of Re-use Centres and their shops have developed into robust and sustainable enterprises. In 2014 over 5000 people were employed, over 80% of whom were previously long termed unemployed; almost 66 000 tons of reusable material was diverted from landfill; over five million customers bought re-use items; and a turnover in excess of €45 million was generated across the network (OVAM 2015). In recent years KOMOSIE has expanded its work to also include a focus on energy saving and food waste. KOMOSIE is now reportedly Europe’s largest social franchise (European Social Franchising Network n.d.).

The success of the KOMOSIE model demonstrates how the public sector can stabilise and institutionalise innovations, through establishing new norms amongst a

Mission statement

KOMOSIE association, Federation of Environmental Entrepreneurs in the Social Economy, unites and supports social economy enterprises that carry out activities with ecological value. The goal is to build the membership of a professional operation with a view to protecting the environment and creating and maintaining employment for those at risk in the labour market.

We want to achieve our objectives by building a ‘dome’ effect, encouraging provincial or regional networks, organizing thematic working groups and collaborating with other organizations and umbrella organizations at regional, federal, and international level.

broad range of stakeholders and how it can support a successful social innovation assemblage to adapt and prepare for changes in its operating context. Figure 12 provides an example of one of the market development and sector capacity building projects initiated by KOMOSIE and supported by OVAM (Flanders Regional Waste Agency).

Figure 12: *Revisie* – creating a quality label for re-used electronic & electrical goods

REVISIE: Accreditation for the collection & repair of electrical & electronic equipment

In 1999 KOMOSIE started to develop *Revisie* – a quality label for the repair of waste electrical and electronic equipment (WEEE). The label established standards for repair work, and created an identification system that allowed WEEE that meets the standards to be easily identified. The KOMOSIE team developed the quality framework, including procedures, operating instructions, registration tools and training courses. Re-use Centres in the KOMOSIE network were accredited as repair workplaces, where WEEE are collected and repaired for sale in the Re-use shops. KOMOSIE has also developed an agreement that provides the *Revisie* accredited Re-use Centres with access to the goods collected by manufacturers under the legally binding ‘product-take-back’ obligations in place in Belgium (www.recupel.be). OVAM helped fund the development of the *Revisie* project. The funding was provided to support the region-wide environmental objective of decreasing the amount of WEEE going to landfill and increasing its re-use. The *Revisie* program has been very successful. By 2015, it was identified as a strong quality label that is embedded within the practices of the sector, with over 300 people employed in 19 repair workplaces, delivering quality WEEE to more than 60 Reuse shops across the Flanders region.

As Europe adjusts to a new era in waste policies and management, the Flemish government is now working with KOMOSIE and its Members to ensure their significant knowledge and experience are drawn on and that they have the support that will be needed to navigate the transition back into the release phase of the adaptive lifecycle.

The three interviewees for this study were the Deputy Director of KOMOSIE; The Policy Expert: Re-use, Waste & Materials for The Public Waste Agency of Flanders (OVAM); and the Head of The Department of Social Economy & Sustainable

Enterprise at the Flemish Department for Work & The Social Economy (DWSE). All the interviews took place at KOMOSIE's offices in Antwerp, Belgium.

8.1 Policy context and background

Flanders is one of Belgium's three designated regions and has had its own Parliament and Government since 1980. It has powers relating to the economy, employment, agriculture, water policy, housing, public works, energy, transport (except Railways), the environment, town and country planning, nature conservation, credit, foreign trade, supervision of the provinces, communes and intercommunal utility companies (Belgian Federal Government n.d.). Flanders is the northernmost of the three regions and in 2016 it has a population of 6.47 million spread over 13 522 km, making it one of the most urbanised parts of Europe (Flanders Information Agency n.d.).

OVAM (Flanders Regional Waste Agency) is the principal authority for waste management and soil remediation in Flanders. It was established in 1981 through a Waste Decree (a regional law). Flemish waste and re-use policy objectives are structured around *Lansink's Ladder*, which establishes the waste hierarchy and is a standard widely used in waste management policy. After reduced consumption, re-use is the first step on the ladder towards waste reduction, meaning that the potential for re-use of a waste item must be considered before any other option. Since establishment, OVAM's role has therefore evolved to include a strong focus on prevention, through sustainable resource management.

The Flemish Department for Work & Social Economy (DWSE) coordinates policy, and monitors and ensures standards and compliance around matters relating to employment across the Flanders region. At the broadest policy level, the Flemish Government recognises that the future viability of the region's effective (and relatively substantial) social security system is dependent on the generation of corresponding levels of tax revenue. With an ageing population, creating

pathways and reducing barriers into employment for the highest possible number of citizens is therefore a central policy objective. To this end, through various employment programs, awards and grants DWSE promotes employment across the mainstream sector, the not-for-profit sector and the social economy.⁶⁴

Whilst in recent times there has been an increased emphasis on engaging commercial enterprises in employing people who require assistance to find and maintain work, interviewees advised that the social economy is recognised as the primary partner in this complex area. One of the social economy initiatives the DWSE oversees is the Social Employment Places. These are accredited workplaces that seek to improve Flanders' social inclusion objectives through offering employment to people who are willing and ready to work, but who are excluded from mainstream employment opportunities through an accumulation of personal and contextual factors. The employment of people from this group is supported by DWSE through wage subsidies and staffing grants. The Re-use Centres and De Kringwinkel shops are approved Social Employment Places under the Flemish system. The KOMOSIE network works closely with both OVAM and DWSE.

8.1.1 The commissioning context

Beginning in the early 1990s OVAM and DWSE identified an opportunity to bring together policy objectives around job creation and waste re-use, and to use the market shaping power of government to decentre the trajectory towards market failure in both these policy domains. Experience had also identified that attempts to change behaviour around waste were most effective when people had close connection with the approaches adopted, allowing educative aspects to be integrated in practical ways and at the point of contact. Therefore, rather than

⁶⁴ In Flanders, the social economy is considered to consist of “enterprises and initiatives that, in their objectives, prioritise the realisation of certain social benefits and in the process respect the following basic principles: priority of work over capital, democratic decision-making, social integrations, transparency, quality, and sustainability” (OVAM 2015, p.30), and can be equated to the ‘third sector’ as understood in the UK.

simply designing a contract for the delivery of waste re-use and/or education services and putting these out to tender, OVAM and DWSE worked together to integrate re-use objectives, waste education objectives and employment objectives for the region.

“The historical part of bringing social and environmental policies together - that seems to be the turning point. The two departments sat together and talked about their objectives, and worked out what the goals could be together. Things like the social employment goals, the kilos of reuse, the education of the customers . . . Because they saw the value of the low skills and long-time unemployed, saw manual jobs would be better and a good thing to start people with. . . So that every municipality, every inhabitant, could have access to do something with furniture and other re-usable items . . . they identified they wanted every municipality to have a Re-use Centre they could work with.”
(OVAM interview)

DWSE and OVAM recognised the unique public value that the integration of the social and environmental objectives would generate. They also realised that the combination of these meant that a purely market-based approach would be unlikely to be successful, due to the high costs of social employment and the constrained revenue potential that secondhand goods offer. The departments therefore identified that a more strategic and long-term approach would be needed, if a sustainable model were to be established.

All interviewees agreed that the key to developing an innovative response to the opportunity involved working through the three interrelated objectives collaboratively and early in the commissioning process - before any decisions had been made about the nature of the solution. Through this, a model was conceived that would support the creation of a large number of entry level jobs, whilst also increasing waste re-use and educating citizens.

In addition to the core policy objectives, the delivery model needed to be robust so it could offer effective waste services and also withstand changes in the operating context over time. For this to occur the delivery partners would have to become financially stable. Therefore, the model also required incorporation of features that would offset the challenges of operating in a low-revenue market, whilst also creating the maximum number of jobs for people with barriers to

employment. From a commissioning perspective, it was finding the right balance between the three policy objectives, along with the operational objective of a stable and sustainable model, that would represent success.

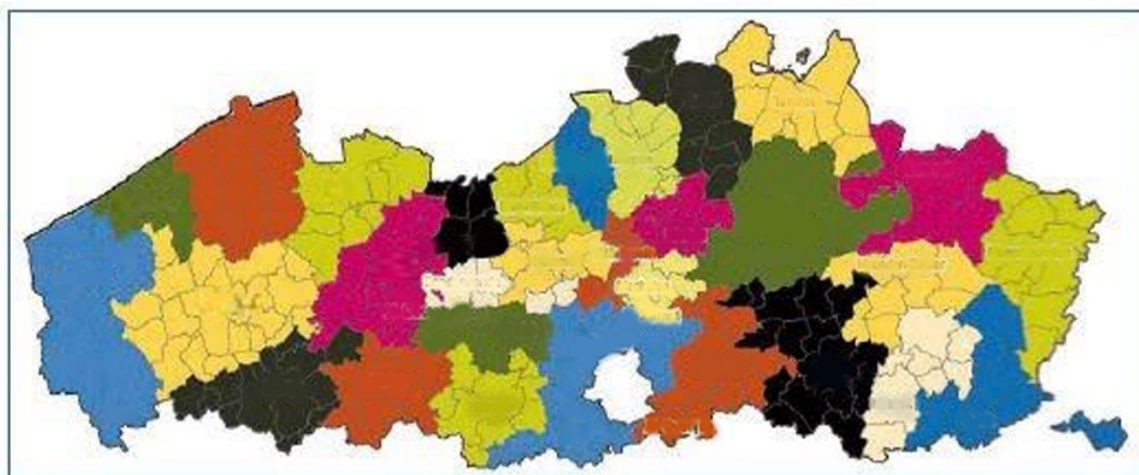
8.1.2 The commissioning strategies

The resulting model relies on four integrated market shaping strategies that created the conditions that would allow the envisioned network of Re-use Centres to establish and sustain. These strategies, as they exist today, evolved over time and in consultation with the fledgling projects that eventually became the KOMOSIE Members.

The **first strategy** was the creation of a designated and exclusive zone for each Centre to operate within. This means the Centres are not in competition with each other for collection of items for re-use (essentially their inventory). It also stimulates collaboration between the Centres, to exchange knowledge and practical experience, and it was this that led to the grassroots establishment of the KOMOSIE Federation. The knowledge transfer and constant improvement made possible through the coordinated collaboration is considered critical to the success of the model. Over the past eight years the number of zones has stabilised at 31 and the minimum population base for a zone at 75 000 people (with an average size of 200 000). The size and shape of the 31 zones across the region is shown in Figure 13.⁶⁵

⁶⁵ Source: OVAM 2015

Figure 13: The 31 Re-use Centre zones across the Flanders region



The **second strategy** involved implementing an accreditation system for the Re-use Centres operating in each zone. The accreditation is based on reporting against criteria that relate to both the social and environmental objectives of the initiative. Any secondhand goods enterprise could become accredited. However, they would likely find it difficult to meet the strict combination of criteria involved without making relatively substantial investments into systems and processes, and it is cost and time prohibitive for an individual entity to undertake this alone. Due to this, and because it sees KOMOSIE as an effective coordinator, OVAM has included compulsory membership of the Federation as part of the accreditation standard. The Centres are all independent, and must be structured as nonprofit entities to be eligible for the social employment subsidies from DWSE. These subsidies provide the support needed to sustain the high number of jobs in a low-revenue market. The accreditation system also provides certainty to customers and other partners that their support is going towards the achievement of social and environmental goals that are of benefit to the region as a whole.

“because we accredit the centres . . . they know they are working with a partner that stands for social and environmental goals. They have no other motives than these ones”. (OVAM interview)

The **third strategy** requires Local Authorities to enter into an agreement with the accredited Re-use Centre in their area. This requirement is implemented through agreements that OVAM has with the Local Authorities. These include a financial contribution for meeting certain environmental targets. Under these agreements Local Authorities are required to promote waste re-use and the services of the Centres, and to ensure the Centres have maximum access to re-usable goods. All the Centres are required to uphold a ‘minimum obligatory service to citizens’ which consists of providing a free door-to-door collection service for pickup of re-usable items, and the option for people to drop items off at the Centre themselves. Whilst the agreements are awarded on a non-competitive basis they are negotiated between the Local Authorities and Re-use Centres directly and so other terms and conditions vary. For example, some Local Authorities provide the site for the Centre free of charge or at low cost, whilst others charge commercial rents. The required Local Authority agreements secure collection districts for the Centres, whilst the accreditation process removes some of the risk for the Local Authority and increases confidence in delivery outcomes. The OVAM interviewee advised the department is committed to continuing to guarantee the requirement to cooperate with the Re-use Centres in its Local Authority agreements for the long term.

The **fourth strategy** was the application of a special sales tax rate for the Centres. There are two value-added tax rates in Belgium – one at six percent that applies to basic needs type goods (food etc.), and another at 21 percent that applies to everything else. Through the negotiations around the free door-to-door pickup requirement, KOMOSIE secured agreement for the De Kringwinkel shops to sell the re-use goods with the six percent rate applied. This saving is passed on to the customer, providing a competitive advantage in the market. In effect, it also means the Centres cannot ‘top up’ their inventory through buying additional items if stock is low or if there is high demand for a particular type of goods - as they would be paying for the goods at 21 percent value-added tax but only able

to sell them at six percent. The special tax rate system therefore also ensures the Centres cannot 'cherry pick' for high profit margin goods and activity streams, and so must be agile and innovative in how they achieve re-use targets across all waste categories.

In addition to these four integrated strategies, the *Revisie* certification processes around electrical and electronic equipment have been instrumental in opening markets for the repair and re-use of these goods, and central to establishing them as reliable income streams for the shops (as outlined on p.227).

The other factor contributing to the success of the model is the separation of items that can be re-used from other types of waste, in policy and in practice. Centres are not expected to handle general waste and it is acknowledged that, despite best efforts some percentage of goods collected will not be suitable for re-use or (increasingly) for dismantling into materials. These items are handled by specialist waste businesses that undertake the appropriate disposal processes under separate contracts. For-profit businesses occupy this niche in the waste disposal supply chain and are an integral component of the model.

The assembled delivery model therefore involves a diverse multi-sector array of partners. This was considered an important contributor to ensuring sustainability of the model over time. For the public sector, market opportunities created through regulatory powers must be configured to deliver best-value, and this includes ensuring opportunities are made available across the supplier base. As the OVAM officer advised:

"It has to fit into the system, it should not be outside the economic market system . . . To make sure there is no monopoly, to have different parties involved, that there are profit and nonprofit, social is part of it, and that there is a good mix. And fair. That's part of our implementation plan, to give everyone a chance and to have a balance. If there is too much monopoly from the Re-use Centres, then we get complaints . . . It's an important role for government not to create monopolies". (OVAM interview)

At different stages and in different ways, the KOMOSIE model involves for-profit, nonprofit and public sector entities, creating an interdependent network that

achieves this required neutrality balance. This interdependent model goes well beyond simple purchaser-supplier relationships and, as the reading presented here shows, how a genuine network-based delivery model is working in practice.

It should be noted that in the Flemish market there are other potential partners OVAM and DWSE could work with to deliver the policy objectives. For example, there is a large European-wide for-profit re-use enterprise operating in Flanders also, but it is (advisedly) only interested in top quality secondhand goods that can be sold for a high profit margin. This is a different kind of secondhand market to that which the Flanders government is interested in supporting, as it does not help meet the region-wide waste reduction and re-use targets in any substantial way or contribute to social employment goals. There are also other nonprofit entities that provide social employment opportunities involved in the re-use market. For example, Oxfam does re-use collections from the commercial sector, and there are others that focus solely on making very low cost items available to those with little or no income.

However, none of these have a reach as extensive as the De Kringwinkel network, and they also do not meet the improvement criteria for training and development activities that are part of the social employment standards. Training and development are central to the accredited social employment model as it is this aspect that builds capacity and generates pathways for the greatest number of people – in the framing here I interpret this as creating opportunities to improve social relations, rather than as entrenching long-term employment subsidisation. Upholding these standards involves additional costs for employers, which reduces profit margins and therefore limits the number and type of entities interested in engaging with the KOMOSIE model.

Those enterprises that do not meet these strict social criteria are not eligible for accreditation as a Social Employment Place, and therefore cannot access the employment subsidies. Those that do not meet the environmental standards and targets are not eligible for accredited Re-use Centre status, and therefore have no obligations to report their waste reduction and re-use results to OVAM. OVAM

advises that the combination of these two official accreditation systems is unique as this does not exist in other European countries. Consequently, those governments do not know how many re-use enterprises there are or what they are contributing to the achievement of waste policy objectives, making it difficult to establish year-on-year improvements and to implement the type of multi-faceted policy objectives achieved in Flanders. I position these two accreditation systems as key components of the assemblage, and suggest that they demonstrate how non-human actors can be used to create critical dynamics in enabling social innovation.

The requirement that KOMOSIE membership be held as part of the accreditation process is designed to provide the support needed to establish and maintain the agreed standards in challenging market conditions, and to facilitate collaboration with other Members around ongoing process and reporting improvements. Supporting KOMOSIE in this central coordinating role is therefore recognised as important to the success of the model on a number of levels.

8.2 A purpose-built network-based delivery assemblage

Network-based approaches to addressing complex policy challenges are gaining increasing attention in policy circles, particularly as they are seen to be more adaptable to ever evolving contexts than delivery models that rely on competitive markets, hierarchical forms of governance and delivery by single organisations (Sorensen & Torfing 2015, p.153). Networks that foster collective approaches to social innovation are effective in these contexts (Moore & Westley 2011, p. none) – as they establish strong relational ties, value the development of long-term relationships, and direct their negotiation efforts towards achieving the best outcomes for the group as a whole (Barraket, Keast & Furneaux. 2016, p.100). These types of arrangements go beyond the more uni-directional relationship-based approaches (such as alliance partnering, joint ventures, value chains and other similar arrangements) that have become common in some areas of public

sector procurement. Under these arrangements, the public sector entity is still the 'head' of the network and through competition-based contractual arrangements retains primary power over its operations. As such these deeper network-based approaches mitigate some of the now widely acknowledged limitations of pure NPM-style adversarial contracting (discussed previously).

I selected the KOMOSIE network model as an in-depth case study for this thesis as I identified it as offering insights into what it takes to go beyond these simpler forms of relationality – demonstrating an intentional engagement with the complex 'plural and pluralist' nature of effective networks in the emerging NPG policy context “where multiple, independent actors contribute to the delivery of public services and . . . multiple processes inform the policy-making system”, and with the complex interdependent relationships that result (Barraket, Keast & Furneaux 2016, p.95-96). To greater and lesser extents, these approaches require genuinely distributed governance – encouraging engagement and influence, and sharing power over decision making. The KOMOSIE model provides insights into how genuinely participatory governance can be achieved whilst maintaining transparency standards in commissioning and contracting relationships. These insights are useful for policymaking purpose, and through characterising the assemblage as enabled and governed by a NPG framework I suggest they also contribute to theorising social innovation assemblages.

How an effective network operates and sustains in this NPG mixed-modes environment is not obvious, however. For policymakers it can be difficult to determine how to offer support in a way that does not assume control and create dependency, and thereby limit the very characteristics the effectiveness relies on. The roles and processes contributed by the two regional public sector agencies, the Local Authorities and the commercial waste contractors have been discussed, but the KOMOSIE social innovation assemblage also involves other diverse economic actors which are explored below.

8.2.1 KOMOSIE the coordinating entity

The existence of KOMOSIE as a central coordinating entity across the network is a key factor in unlocking the potential of the four integrated market shaping strategies. Without this central coordination, the network would not be a network. Coordination does not happen by chance – it requires resourcing, commitment and clear objectives.

In the early 1990s a small group of organisations working in the area of social assistance began establishing Re-use Centres that sold low cost goods to people on low and no incomes, whilst also creating jobs for people who were supported by social employment subsidies from DWSE. The Centres were limited in their revenue generation by a target customer base with few resources. Facing increasing competitive pressures that were threatening their viability, the Centres recognised they needed to ‘speak with a common voice when talking to government’ (European Social Franchising Network n.d., p.3). They came together as a Federation in 1994 and, as a grassroots movement, established KOMOSIE.



KOMOSIE, the coordinating entity, is a social enterprise with a team of 14 staff (at the time of interview) who provide support to the Membership network across four key activity areas. Its functions have been refined over time, and each of the activities is considered to be crucial to the effective functioning of the network. Today, KOMOSIE’s roles are:

- Advocacy, lobbying and acting as the central point of communication with government: Having a central point of contact with OVAM and DWSE meant increased power in negotiations and efficient communication, both ways.
- Branding and marketing of the De Kringwinkel shops’ identity across the region: The joint De Kringwinkel branding of shops across the network has facilitated significant self-imposed quality improvements in the products

offered, the 'look and feel' of shops and in customer service. By pooling resources, the network developed 'on trend' marketing campaigns that have been successful in changing the image of 'dusty messy' secondhand shops and securing an increasing customer base.

- Development and coordination of registration systems and processes that record and improve reporting on environmental and social objectives and quality control: Tracking and reporting systems and processes ensures the accreditation status (social and environmental) continues to be awarded, and provides the data needed for constant improvements.
- Delivery of training programs to develop the management and business skills of key staff members across the network: Ongoing training and development for key staff established a level of professionalism, and the strong business management skills that were crucial in achieving the financial stability of Members' Centres and shops.

As a grassroots membership-based enterprise, KOMOSIE is governed by a board of directors elected by a general assembly involving all Members. The general assembly meets twice per year to provide input to the overall strategic directions and to specific plans. As the KOMOSIE interviewee advised, the bottom-up nature of the relationships is central to how the network works together:

"It's important to understand we have a bottom up structure. People often think the De Kringwinkel network has a headquarters that directs 118 shops [at time of interview]. Not so. There are 31 Re-use Centres all around the Flemish region, and most of them have several shops each. KOMOSIE is made up of 31 independent organisations. They do what they want". (KOMOSIE interview)

Network management is not an easy task in any context, and the efforts required to do it effectively are often underestimated. This can result in reverting to 'obsolete' behaviour that 'frustrates the interactive process' (Klijn & Koppenjan 2012, p.593). Despite this, making a business case for the role of coordinating entities in networks is notoriously challenging and many promising arrangements dissolve due to a lack of resourcing in this area. How KOMOSIE was

able to establish and survive in this role is therefore a crucial part of the model and one that offers useful insights.

8.2.2 KOMOSIE the network

In the early stages of developing the model, a number of the Centres were awarded accredited status under the designated zoning model. Initially OVAM developed agreements with each individual Centre – specifying matters like minimum service levels, opening hours, products that had to be collected and reporting requirements. As they were not in competition with each other, there were strong motives for collaboration and eventually the agreements were negotiated through KOMOSIE, providing enhanced bargaining power and more coordinated input on needs and issues. For example, the requirement for accredited Re-use Centres to hold KOMOSIE membership was negotiated with OVAM and DWSE, strengthening its role and also offering improvements in communication with the two agencies.

The 31 KOMOSIE Members that make up the network today are independent entities operating in different geographical areas, all of which have different needs and different opportunities. The common elements that unite these diverse entities is that all have three elements as their primary mission – the creation of social employment opportunities; improving re-use and reducing waste; and providing low cost goods to assist no and low income people. KOMOSIE advises that it is the ‘glue’ of these common objectives, and that each is a necessary component, that makes the model work:

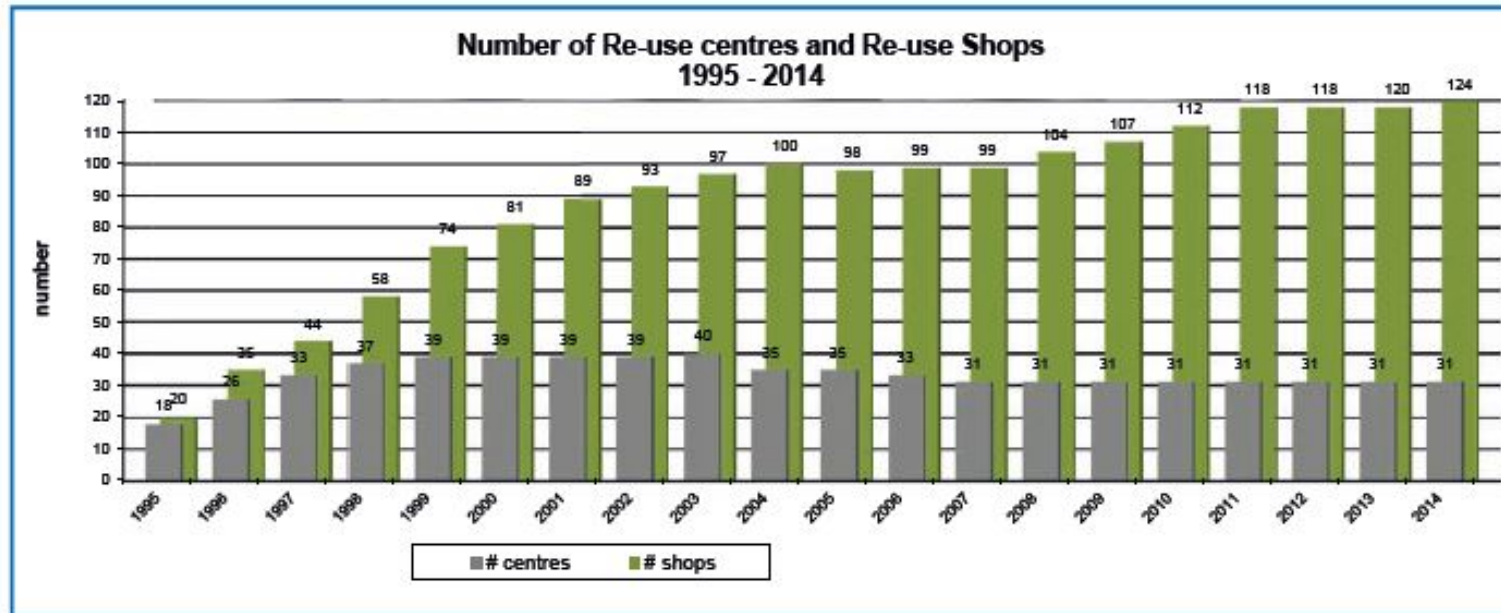
“All these things are part of the strategy - all the pieces have to fit. We've made them fit, but it's not easy. We couldn't do our model with only one part, they are all dependent on each other”. (KOMOSIE interview)

The Re-use Centres are formally connected only through their collaboration as KOMOSIE members. As a result, they all go about achieving their individual objectives in different ways. Some Members operate only a Re-use Centre and one

or more De Kringwinkel shops - such as the smallest and the largest Members. Others run a variety of other social enterprises as well, for example: a low-cost restaurant, bicycle restoration, a small farm, and small building enterprises. Figure 14 shows the number of Re-use Centres and Shops that made up the network between 1995 and 2014.⁶⁶

⁶⁶ Source: OVAM 2015

Figure 14: Number of KOMOSIE Re-use Centres and Shops 1995-2014



I suggest that the NPG mixed-modes governance approach is evident in the level of independence each Centre retains over its own operations, whilst it also realises many of the benefits of a network approach. As the KOMOSIE interviewee indicated, maintaining this balance between independence and collaboration is key:

“A lot were very afraid of a top down structure . . . very afraid of losing their identity, choice and decision making. When you try to unite - we have to be very careful to make sure they understand that's not what we do. We work only on those things they tell us they want to do”. (KOMOSIE interview)

As discussed previously, under NPM delivery models public sector entities have a tendency to push partners towards increasing uniformity, and it would be possible for OVAM and DWSE to do this through its agreements with the Centres. The two departmental interviewees advised that it is recognised, however, that this would effect the ability of each Centre to respond to needs and opportunities that may be unique to their particular location or beneficiary group, and would therefore ultimately reduce the social value generated by the model as a whole.

After more than 25 years of organic development the two public sector agencies now have a relationship with KOMOSIE and its Member network that they describe as ‘a kind of bilateral agreement’. This bespoke arrangement recognises the interrelationship of all the parts that make the model work, and that the success of the model rests on the Centres retaining their independence whilst also acting as a coordinated network in the delivery of the integrated policy objectives. As posited previously, this combination of ‘tight and loose’ demonstrates what a NPG framework can look like in action. I suggest that the mature and sophisticated relationships that the KOMOSIE social innovation assemblage both creates and relies on also offer insights into how spaces for community economies ethical negotiations can be created and nurtured through intentional policymaking.

8.2.3 KOMOSIE the partner

The KOMOSIE network is now a major employer in the region (with over 5000 Full-Time-Equivalent employees) and is also recognised as a key actor in the delivery of the region's waste policy, guaranteeing some level of influence in policymaking. However, it is the unique nature of KOMOSIE and its relationships that make the model an example of NPG mixed-modes governance, from a public sector perspective. The OVAM officer describes the relationship thus:

“KOMOSIE is our partner. We have regular meetings with them. When we change policies or rules, or find new objectives - we sit together with them also. They represent the 31 Re-use Centres - for the needs, questions, remarks, whatever is needed to discuss. If we want to change something about the reporting to us, we work with them and they discuss it with the 31. A collaborative approach. Not law against citizen - it's a stakeholder, a partner. We need each other”. (OVAM interview)

As this quote shows, KOMOSIE has genuine influence in shaping the direction of policy, and genuinely shares in decision making with the agencies. This is made possible through its independence, as it receives no direct public sector funding; its deep understanding of the Members' businesses, and so what policy strategies are likely to be effective and what will not; and the certainty its strong relationship with the network brings to the negotiations.

Through the regular contact it has with the two departments, KOMOSIE acts as the conduit for the network to provide input to proposals and contributes to shaping policies, often through several iterations of development. The partnership also provides the channel for KOMOSIE to proactively raise issues with OVAM and DWSE on behalf of the Members, both around current operational matters but also to discuss potential new projects and developments. However, KOMOSIE recognises that

“you have to find your place - you can't shout when you're too small, but never saying something won't work either. Sometimes you have to stand up, but you need to work out when is the right time . . . and where to focus your attention” (KOMOSIE interview)

Genuine partnerships work both ways and KOMOSIE respects its relationship with the public sector agencies, ensuring it uses its position as spokesperson and adviser judiciously and to positive effect.

8.3 Diverse agents and processes in the KOMOSIE assemblage

Social enterprises are quintessential hybrid entities – they generate mixed returns, and they rely on mixed resource inputs; and balancing all the elements at play presents ongoing long-term and daily-level challenges to achieving and sustaining viability, whilst keeping the integrity of the social purpose intact (Bull 2008). Making profit is not a goal in itself for KOMOSIE or its Members, but all recognise that financial stability is integral to realising their social and environmental objectives. From the beginning, all parties therefore considered it important that the model become self-sustaining over time. To this end, public sector support has been directed towards creating the conditions that would allow sufficient revenue to be generated, and towards subsidising directly the costs of employing people who require extra support (rather than requiring the Centres to generate the substantially higher revenue that would be needed to fully fund wages, training and other social support costs themselves). The two public sector agencies recognised the unique roles they could play in supporting the long-term stability of the model:

“The pursuit of a stable personnel policy and profitability is a pure necessity for the Re-use Shop . . . A number of pioneer re-users in the Netherlands failed because they paid too little attention to this particular aspect. Re-use Shops that have to rely on heavy subsidies or on the goodwill and assistance of volunteers for their daily operations are not . . . encouraged [by us]. It makes good sense for Re-use Shops to pursue an independent course towards business economic viability. By being able to trust in their own resources and become self-reliant, they minimize their financial uncertainties”. (OVAM 2015, p.24)

Today the KOMOSIE network of Re-use Centres generates around 53 percent of its revenue from shop sales and recycling fees. Forty-six percent of their

resourcing input is contributed by DWSE, through social employment subsidies and support programs that directly benefit the targeted employees. Just over one percent is contributed by OVAM in the form of grant funding that is used to test out innovations and other improvement activities.

In the early stages, some small public sector grants were secured by KOMOSIE and its Members to help establish the coordinating entity. Today KOMOSIE itself receives no ongoing public sector funding, ensuring that its advocacy and negotiation roles are not compromised and/or complicated by dependency relationships.

KOMOSIE's core administration function and the primary role of 'interlocutor with government' is funded through membership fees. Other services that benefit all Members are charged on an agreed basis - for example, the cost of developing joint marketing materials is divided between the Centres. KOMOSIE staff members also undertake (low) fee-for-service consulting projects with individual Centres around issues specific to that enterprise. Under this arrangement, the Centres can be confident that the specifics of their dual-purpose business models are well understood, and that the advice provided has their best interests in mind. In return, the membership fees and internal consulting income provide a stable base for the small KOMOSIE team to maintain the basic core of services that support all Members.

However, for the network to continue to evolve, improve and develop innovations, additional income streams are required. In the early days some grant funding was received, to assist with seeding specific activity streams that would benefit the network as a whole (such as the *Revisie* project, discussed on p.227).

Another major project was the implementation of a quality system based on the EFQM model.⁶⁷ Over an almost 10-year period the development of this system was resourced through a mixture of inputs. The initial one-year innovation grant was awarded by OVAM directly to KOMOSIE, and was then extended to three years to support the full development phase. The second phase focused on rolling the system and associated training out across the Member network. This phase was funded through a mixture of a central coordinating grant directly to KOMOSIE and contributions from all the Centres. The final embedding phase was wholly funded by the Centres through their membership fees. I suggest that this staged approach, with financial input reducing over time, provides a practical example of how policymaking can also support transition through different stages of the adaptive cycle (Moore et al. 2012) at the project level within social innovation assemblages.

Innovation grants are now made only to the Centres directly, and come from the one percent resourcing contribution from OVAM mentioned above. There is room within this arrangement to structure some of the funding to support the network coordination activities of KOMOSIE, however. For example, with the quality system project now fully embedded across the network, OVAM has allocated a small amount of the available grant funding to supporting ongoing use and improvements to the system. From this pool, each Centre contributes a portion to a KOMOSIE role that assists with coordinating and supporting the quality management activities across the network. Early stage development of other innovation and improvement projects continue to be supported through grant funding, and in a similar way to the quality systems project, the Members strategically assign project resources to ensure the ongoing viability of KOMOSIE.

All of these approaches demonstrate how the KOMOSIE model relies on and generates interdependent relationships between the diverse economic agents and processes involved, that go well beyond an interest in securing just the

⁶⁷ The EFQM Business Excellence model is a European-based non-prescriptive framework for improving organizational management systems (for more information, see: <http://www.efqm.org/the-efqm-excellence-model>).

resourcing inputs discussed above. Table 14 summarises the agents and processes involved using the Diverse Economies Framework⁶⁸ discussed earlier.

Table 14: The diverse economic agents & processes that constitute the KOMOSIE model

Labour	Enterprise	Transactions	Finance
Waged <ul style="list-style-type: none"> • KOMOSIE staff • Re-use Centres & shops staff (20%) 	Capitalist <ul style="list-style-type: none"> • Recycling businesses 	Mainstream market <ul style="list-style-type: none"> • Commercial contracts with recycling businesses 	Mainstream market
Alternative Paid <ul style="list-style-type: none"> • Subsidised Re-Use Centres & shops staff (80%) 	Alternative capitalist	Alternative market <ul style="list-style-type: none"> • Local Authority agreements (Re-use Centres) • Local Authority agreements (OVAM) • Reduced VAT 	Alternative market <ul style="list-style-type: none"> • Shop sales (reduced VAT) • Collection & recycling fees (policy requirement to enter into agreement) • Consulting revenue (from own Members)
Unpaid	Non-capitalist <ul style="list-style-type: none"> • KOMOSIE • Re-use Centres (31) • Re-use Shops (120+) • OVAM • DWSE 	Non-market <ul style="list-style-type: none"> • Exclusive zonings • Accreditation processes (enviro & social) • Donated goods 	Non-market <ul style="list-style-type: none"> • Membership fees • Public sector grants (non-competitive)

This diverse mixture is unique to the KOMOSIE model, and the balance that has been achieved is also similarly specific to the context. However, drawing out and characterising the elements in this way helps to normalise the diversity involved in successful socio-economic procurement strategies, and the complexity of social innovation assemblages. I suggest that, beyond a normalising function, the DEF also allows us to see how this type of ‘messy’ mix is central to generating the stability required for the long term success of the commissioning strategy. To engage in effective socio-economic procurement, and realise the potential of this

⁶⁸ Adapted from: Gibson-Graham, J.K. (2006); and Gibson-Graham, J.K., Cameron, J. & Healy, S. (2013)

policy domain, policymakers must come to terms with this type of diversity and with the mixed-modes governance models that make them possible in public sector contexts.

8.4 'Mixed-modes' network governance

It is my argument, that the KOMOSIE model demonstrates that when the assumption that competition is the only and/or best way to achieve best-value is removed, other approaches to mitigating against potential transparency concerns become possible. KOMOSIE's NPG-style governance framework is achieved through combining strict performance targets and reporting with autonomy in operational decision making and a genuine partnership around policy directions.

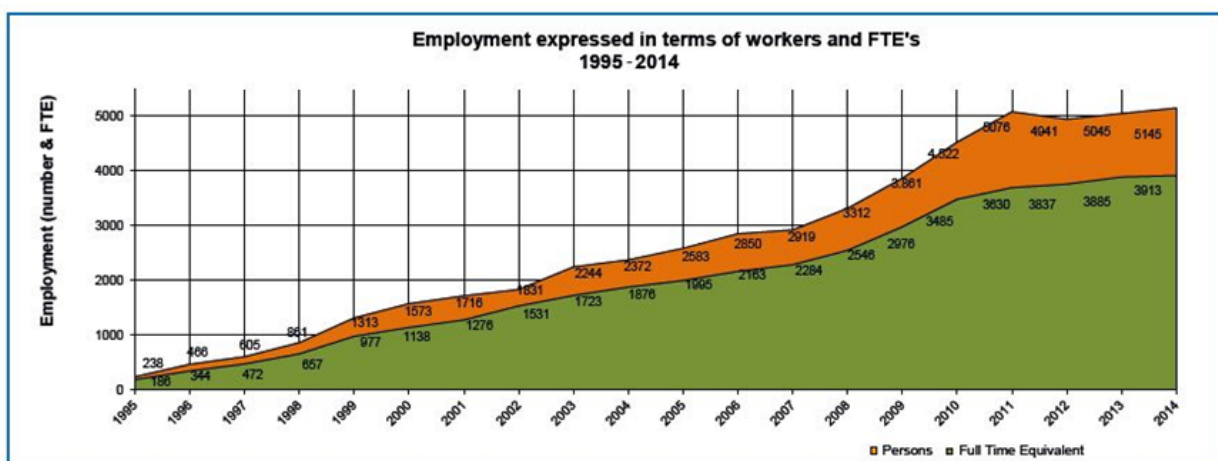
Through the bottom-up membership-based KOMOSIE network each Centre is integrally involved in the governance of the delivery model and in the dialogue with government. OVAM and DWSE acknowledge the network's desire for independence and autonomy in how the agreed objectives are achieved and respect their partners' rights not to be 'interfered with' in how they go about their business. The reading of the KOMOSIE case presented here shows how through what is recognised in community economies research as ethical negotiation - rather than through prescription - the skills and expertise of all parties are drawn on in determining what constitutes best-value and how to deliver this through the arrangement.

A deeper dialogue and knowledge exchange is available as a result of the robust relationships that have developed over time. These improved social relations mean that the agreed 'rules of the game' enshrine the generation of best-value, whilst also providing the transparency needed to report openly on the outcomes. In the KOMOSIE model, the 'rules of the game' centre around complementing the high degree of relationality discussed thus far with extensive and strict reporting

requirements on the social and environmental objectives the model is designed to deliver. I suggest that in this way, the KOMOSIE model offers unique insights into how an understanding of NPG theoretical concepts can inform the configuration of practical governance models purposefully designed to enable social innovation assemblages.

On the social side, the objectives revolve around creating specified numbers of jobs for people who have been unemployed for five years or more, are low skilled, and have psychological barriers to gaining employment (DWSE interview). The training and other development aspects of the KOMOSIE approach are an important differentiator for them in the social employment sector. As discussed earlier, they are also an integral component of the standards that underpin the accreditation of Re-use Centre status, and that make them eligible to access staffing subsidies for the target employees. As a result, DWSE requires ongoing and detailed reporting on the number and types of jobs created, on training courses and other support programs participants have been involved in, and on how the work processes and workplace are designed to accommodate the needs of these employees. Figure 15 shows the constant growth in employment numbers achieved over the designated reporting period.⁶⁹

Figure 15: KOMOSIE network Full Time Equivalent employment 1995-2014



⁶⁹ Source: OVAM 2015

On the environmental side, detailed targets for re-use and waste reduction are negotiated with OVAM and these are tightened year-on-year. Targets cover factors like, for example: numbers of customers reached; numbers of individual sales of re-use items; kilos of re-used items per head of population in a given zone; kilos of particular categories of re-use items; and kilos for collection overall. Reporting against these targets is highly technical and requires intense attention to detail at the Centre level. In addition to reporting against the agreed targets, the system also assists with managing business processes, incorporating modules that track: dispatch and route planning; processing and repair of goods; stock management; customer data maintenance; time sheets; cash registers; and the flow of goods - inflow, re-use, residual waste, and recycling (OVAM 2015, p.19).

Reporting is facilitated by a central online system which the Members collectively contribute to maintaining and improving. This ensures reports are consistent and that meaningful data can be easily extracted. The system is Cloud-based and every item is registered and linked to a checklist repair procedure, so the status of each item can be tracked individually and from collection to sale. In addition to highlighting areas where process improvements can be made at the individual Centre level, the new system means all are now reporting the same way and so results can be rolled up more easily and more accurately. As a result, OVAM has reduced the time it takes to generate its overall sector performance report from 12-15 months to six months. This improvement is useful for the broader waste sector also, as it can access more current information on which to base its plans and projections.

The targets and reporting requirements are regularly reviewed to ensure continuous improvement. Rather than these being imposed through a contract renewal process, as would be the usual approach if a conventional competitive-based procurement strategy were being used, these evolutions are negotiated with the network. Coordinating the ongoing negotiations is a key role for KOMOSIE, and both sides - the Members and the two public sector agencies -

recognise that the central coordination of this aspect is a key contributing factor to the efficiency and effectiveness of the model.

“They have the network, they know the people, they know what's realistic. They also put the people together to overcome problems, they are a link between us. They make it happen on the spot. And because they already have the network it's very easy for us to work with them”. (DWSE interview)

8.5 Adapting to a changing context

As outlined previously, one of the key issues that proponents of NPM governance frameworks have with non-competitive delivery models is a perceived tendency towards stagnation and complacency. The introduction of competitive tendering for a wide range of public services in the 1980s and 1990s was seen as an antidote to this, and was central to the ethos of the NPM discourse dominant at the time. If there is to be promulgation and uptake of socio-economic procurement strategies it is therefore essential that proponents are able to respond to this issue. The KOMOSIE model does this through a combination of factors.

One of these factors is that the public sector support for the model comes primarily in the form of establishing the conditions that foster sustainable markets, and focuses on building capacity to generate sustainable revenue streams. This combination is made possible through intentionally constructed non-traditional market relationships that, according to the NPM lens, would likely be viewed as non-competitive and therefore likely to result in stagnation. However, there are other ways that this can be read – including in the way described by the DWSE officer:

“even though there are all the support programs they can access, there's still a drive to be proactive because the support is not full cost - there's a part that has to be provided from the sector themselves. I think when you do full cost they do their thing and then they just keep on doing that, because everything is paid for. Now they have to provide themselves for part of the cost, makes it a necessity to keep on innovating. Especially with these groups of people,

because low cost products and low skill work is a hard area to generate revenue around". (DWSE interview)

In effect, I suggest, the hybrid resourcing model creates similar incentives for remaining responsive to market conditions and continuing to innovate as those achieved through competitive models. In this, the effectiveness and ongoing evolution of the KOMOSIE network model challenges traditional NPM-style notions of best-value and demonstrates how, when working with complex policy objectives, a NPG mixed-modes approach to governance can generate and sustain dynamic models (Bovaird 2006, p.82).

The constant refining of the re-use targets also ensures an ongoing focus on innovation - including around how to reduce the 50 percent of the items collected that are not currently re-used. OVAM recognises that increasing the percentage of re-use gets more difficult over time, because all obvious approaches have already been implemented. This product level innovation generally occurs within the individual Centres and KOMOSIE then facilitates the uptake of successful innovations across the network. Again, the non-competitive nature of the model, and the direct rewards for increased sales and reduced waste kilos, mean the innovations diffuse quickly and effectively.

These types of innovations improve the existing model and extend it where possible, within some existing constraints. These constraints include a limit to the Flanders region - because it is based on Flemish policy; and a limit on the number of Centres - due to the designated zones. KOMOSIE therefore looks elsewhere for other ways to apply its now substantial expertise to growing and diffusing social value. These initiatives provide insights into how social innovation assemblages can be supported to transition into and through the conservation stage of the adaptive lifecycle.

8.5.1 Re-entering the release stage

A new opportunity identified by OVAM and DWSE was to link policy objectives related to reductions in home energy use with social employment opportunities, through undertaking energy assessments and other advisory services. DWSE and OVAM approached KOMOSIE to explore the potential and develop a delivery model. An initial grant was awarded to fund a full wage cost to develop and implement the Energy Savers concept. The program is much newer and smaller, but Energy Savers had already established around 30 social enterprises and created around 600 social employment roles at the time of interview. The model is also beginning to generate some revenue for KOMOSIE, through membership fees. It is estimated that some grant funding will be required for five to seven years to build it up to a sustainable level. KOMOSIE's deep relationships with its government partners mean that the development timeframes required to develop successful socio-economic procurement strategies are understood, and ensure supporting strategies are realistic. Whilst it has been a different approach, with more of a top-down starting point than that which drives the Re-use Centre model, KOMOSIE has been successful in building in a network-based delivery model.

Another area where opportunities are being explored is in reducing food waste that goes to landfill. This was in the early stages of concept development at the time of interview. KOMOSIE had internally funded an initial investigation into what opportunities there might be, and the development of a proposal. With the proposal they attracted collaborators and were awarded a small grant to bring together a number of different initiatives working around similar issues to see what might be possible. In this, the origins are similar to the early stages of the KOMOSIE model.

The waste policy that has enabled the ongoing development and improvement of the KOMOSIE model covers the period 2005-2015. At the time of interview, OVAM was preparing the strategy for the next ten-year period and consulting with KOMOSIE and the Member network on this as it evolved. Because the model

is based on a statutory arrangement, rather than a contract, ongoing support for sustainability and improvement is guaranteed. However, as the Centres are now solid businesses with proven track records, some elements of the enabling strategy will change as they are no longer required. OVAM's focus now is on creating the conditions that will improve the effectiveness of the model over time. At the agreements level this includes identifying what changes to the reporting requirements would facilitate this – where new or different information would help to show where innovations could be implemented, or where other improvements could be made.

A significant contextual factor is that the focus of waste policy at the whole European level has shifted towards materials recovery and re-use, and the Flemish policies reflect this focus. OVAM and DWSE have worked together to integrate a focus on materials as an option for supported social employment, and to develop examples of how it could work in practice. In addition to its existing business around refurbishing furniture and other household items, KOMOSIE will likely have an increasing focus on dismantling and recovering metals and other re-usable materials as a result.

“The slogan now is there is no waste, there is only materials. . . We will have to redefine our place in that new way of organising. We always have to be thinking what's coming next, and what do we want to do. Working with people who have low skill level is particular, we can't do everything - we have to find our place, the niche we are good in. But always thinking about the future, not just resting where you are”. (KOMOSIE interview)

As a result, future projects related funding available through OVAM are likely to be focused on activities like improving dismantling techniques. On the social side, there is a focus on keeping jobs related to materials re-use in the region, as the trend otherwise is for this type of work to move to countries with lower wages and less regulated working conditions (DWSE interview).

There is no doubt that the shift to more project related funding comes with challenges, however the size and stability that the KOMOSIE network has now achieved place it in a strong position to continue to evolve in response to the

changing market conditions. Concerns about specific issues the Centres raised through KOMOSIE were taken into account in the development of the new policy and the OVAM and DWSE interviewees advised that the departments remain committed to supporting the transition to the next stage of implementation. They are also providing support through other means, such as strategic advice and introductions to key industry contacts. As this quote indicates, the spirit of the changes is to ensure the continued success of the model within the changing conditions, through enabling ongoing innovation:

“It's to stimulate them to go a little further, to collect more, to sell more, to experiment in new areas”. (OVAM interview)

All these new initiatives show how a successful and mature social innovation assemblage is exploring pathways that ensure it does not stagnate in its current position, remains responsive to the changing context, and moves from the conservation stage back through the release stage and into the reorganisation stage of the adaptive cycle. The enabling support OVAM and DWSE are offering demonstrate how transition and a focus on ongoing innovation can be built into a long-term capacity building model.

8.6 Towards a new ethos: What this case demonstrates

The two Flemish public sector agencies recognise the complexity that interweaving the policy objectives driving the KOMOSIE social innovation assemblage creates, and the unique challenges this presents. What they have done differently is to support the long-term ever-evolving development of a genuinely network-based delivery model – a model that through tenacity and strong relational ties has turned some of these challenges into opportunities.

The ongoing support and investment the Flemish government has made into the KOMOSIE model is testament to its effectiveness. The assemblage is returning best-value to the region in the form of a significant number of sustainable jobs

that generate additional tax revenue, whilst also mitigating against the many costs associated with long term joblessness. At the same time, substantial reductions in landfill tonnage and waste management costs have been achieved, and citizen behaviour around waste reduction and re-use has improved.

However, as Amin suggests to sustain a thriving social economy “State support has to become part of a wider field of advocacy . . . A social movement has to grow around social enterprises (2009, pp.18-19). Perhaps in recognition of this, the Flemish Government is also working to stimulate the number of cooperative businesses in its local economy. It recognises they are more stable in times of crisis, and that they generate a more sustainable form of entrepreneurship due to the diverse stakeholders involved. Whilst not a cooperative in legal structure, in its business practices – owned by its members and with participatory decision-making processes – the KOMOSIE network shares many characteristics with cooperative forms of business and provides a strong case for strategies that encourage economic practices that build capacity into communities.

Over time, this intentional strategy has potential to contribute to building a wider field of advocacy that would support the establishment and growth of more robust and bespoke social enterprises like KOMOSIE and its Members. I suggest that in turn, proactive and structured support for the development of the for-social-purpose sector could help establish and sustain robust and viable delivery partners well placed to engage in strategic commissioning programs that contribute to achieving some of the most complex public policy objectives. In this way, models like KOMOSIE’s are contributing to reshaping frames of reference and embedding new practices into the culture of public sector policymaking.

CHAPTER NINE: Elements of a new public sector ethos

In this Chapter, I bring the discussion back to policymaking in support of social innovation broadly, whilst drawing on the insights generated through the closer focus on procurement presented in the previous Chapters. Below I discuss some of the overarching findings in relation to each of the research questions and their implications for public sector policymaking. In addition to synthesising what has been learnt from the case studies research activity, where relevant I also draw on the input of participants in the 'user groups' research activity.

With regards to the practice of policymaking, at the broad level, using the range of case studies developed through the study I have demonstrated some of the diversity of public sector policy objectives social innovation assemblages can contribute to. Just within the group in this study, these include: community economic development at all jurisdictional scales, including significant employment related contributions; the design and delivery of social services broadly, and in particular domains (such as health); waste and re-use; designing, constructing and maintaining affordable and social housing; and transportation. Many of the social innovation activities also provide 'second tier' roles that support the efforts of others to act on a similarly broad range of policy objectives through - advocacy around social and environmental issues; capacity building with various types of citizens and organisations; supporting other entities to develop and action social and environmental innovations; and partnering with public sector entities on the development of strategic policy initiatives.

In relation to the broad theoretical proposition of the study, I have identified a range of ways in which the public sector enables social innovation assemblages. This contributes to developing middle-range theories appropriate to the field's advancement at this point in time (Sinclair & Baglioni 2014, p.472-473). I have done this through an experimental combining of existing language tools introduced in Chapter 2, explored with focus groups, and applied to snapshot case studies in Chapter 3. These language tools also provide structure to the 'thick description' analysis of the in-depth case studies. In addition, and in a unique

contribution to theorising in both fields, I have identified a fruitful intersection between community economies and new public governance literatures.

In keeping with the epistemological framing of the study, I do not propose that the insights developed through the thesis confirm a 'strong theory' of public sector involvement in social innovation. The approach taken attempts to hold space open for different readings of 'small facts' to emerge. Through the openings this orientation creates, 'thick description' can then shed light on the 'hard, messy and humble' realities that building transformative relationships involves (Miller 2013, p.526). Therefore, the discussion presented in this Chapter is not intended to narrow thinking around any of the themes identified and explored, but rather to indicate where there may be openings that offer opportunities for further developing both theory and practice.

In the sections below I discuss findings and implications in relation to each of the three research questions, before offering concluding thoughts on what all of this might suggest for a new ethos for policymaking.

9.1 Diverse agents and processes: Assemblages in action

"The politics of collective action that emerges [from Callon's material assemblages approach] centers on performing different realities by creating new socio-technical assemblages." (Gibson-Graham 2014a, p.86)

In the snapshot case studies presented in Chapter 3, I developed a more textured picture of what is occurring in social innovation assemblages. Using the experimental configuration of frameworks introduced in Chapter 2, I drew attention to the diversity of economic agents and processes involved; the different domains of social change activity that can be influenced; the different lifecycle stages that social innovation activities go through; and how growing social value can be approached through diffusion methods that work with contextual specificity.

The analysis presented throughout this thesis highlights that in no dimension is social innovation *one anything*. In all its attributes, processes and aspirations social innovation is most usefully approached as assemblages 'in action'. I suggest that framing social innovation as dynamic socio-technical assemblages engaged in a continuous cycle of adaptation and becoming helps to improve understanding of the boundary blurring that they embody (Nicholls & Murdock 2012). This blurring of boundaries occurs between sectors, between policy objectives, between the boundaries of organisations, and - critically for the public sector - around relationships and accountability.

Input from the two 'user groups' confirmed that the more textured language offered can help public sector actors and the stakeholders who work with them to communicate with each other about social innovation. In particular, having access to a range of language tools allowed participants to gain a stronger grip on social innovation assemblages and so to explore, communicate about and - in the case of the public sector - identify how and when enabling support could be most effective. Interviewees involved in the case study social innovation assemblages also reported that the way discussion themes were framed (using elements of the conceptual frameworks) prompted them to think in new ways about their work, and to communicate different aspects than they would usually focus on.

In particular, using the Diverse Economies Framework (DEF) helped to identify the variety of organisations and other entities that comprise an assemblage. For policymakers this provides a useful first step, which then opens up consideration of opportunities for involvement across the full spectrum of actual and potential actors, and also for thinking creatively about the roles they play. For example, social economy organisations are often identified as key agents in and conduits to improving a range of social policy related issues. But as the in-depth case studies demonstrated, for-social-purpose entities play a wide range of roles in relation to social innovation assemblages, and they therefore should not automatically be relegated to particular functions or styles of relationship.

Having a clearer view of the diversity of agents and processes also brings weight to discussions about who and what can and should be supported through enabling efforts. For example, in the context of their own work, participants in both the 'user groups' recognised that participation and distributed governance are integral to improving social relations. Having been hand-picked for their previous interest in and exposure to social innovation, it was not surprising that these elements resonated with people's experiences and interests in 'improving capacity to act' around social needs issues. However, it was interesting to note that it was these aspects that seemed to be where they most often struggle to establish legitimacy for how they go about their enabling efforts. Participants advised that capacity building activities and participatory aspects are not necessarily accorded the same significance by the other partners and stakeholders they work with, both internally and externally. Those not involved in social policy-type roles can often have a narrow focus on potential 'big-picture' outcomes that could be generated, and little understanding of the processes required.

A perspective that opens up possibilities around reconfiguring social relations is the recognition that far from there being 'no alternative' to accepted practices and norms, organising is about choices.

9.2 Decision-making and negotiation points: Creating openings with new governance frameworks

"How we reach decisions can be as important as the decisions themselves. This is a really important shift, because it moves us away from thinking that organizing is what happens after decisions have been taken" (Parker et al. 2014b, p.39).

In policymaking contexts, ways of organising that facilitate more participatory forms of governance involving diverse actors can be found at the level of micro relations, macro relations and everything in between, and the arrangements

involved can be more and less formal (Moulaert, MacCallum & Hiller 2013, p.16). However, a multitude of systems, processes, external regulations, and internal policies and norms can make it challenging to think differently about roles and relationships.

As both the snapshot and in-depth case studies demonstrate, once opaque assumptions are probed and arguments about inevitability broken down, it becomes possible to identify where the opportunities to make decisions differently, and to make different decisions, lie (Parker et al. 2014b, p.31). It also becomes clearer that choices are made in relation to big decisions and to small ones, and that opportunities to organise differently exist at all scales. Greater clarity is gained by bringing a level of specificity to what is occurring, and to how decision-making and negotiation points might be used to reconfigure governance relationships so as to foster the participation of diverse actors in social innovation assemblages.

For policymakers, the blurring around the boundaries of governance frameworks that occurs when engaged with social innovation assemblages represents both a challenge and an opportunity. Blurring presents an opportunity in that it provides openings for enrolling the broadest range of actors in working towards addressing complex public issues – including expanding resource bases (Bovaird 2007 pp.855-857), capacities, inspiration and creativity. However, the challenge is that in a climate of shrinking public sector budgets this opportunity also represents an imperative that can drive ‘fast policy’ style agendas and a focus on short-term wins, to the detriment of improving social relations within the sphere of the activity at hand and over the longer term.

Successful collaboration - especially when it involves organisational entities that have different cultures, systems and processes - requires clear ‘rules of the game’ to guide decision-making. Questioning assumptions around what these are is an important step in opening up opportunities for social innovation assemblages. Ultimately the ‘rules’ should be configured to reflect the needs of the particular combination of agents and processes assembled. Therefore I suggest that the

shape or form of these is not the most important factor – but rather, that they are *jointly agreed* and that they are *specific* and appropriate to the context. These two factors alone, offer significant opportunities for enabling social innovation assemblages. However, the challenges of establishing this in a practical sense are evident in this quote:

“Often it’s encouraging no-one to own it, but everyone to sit at the table in a partnership. . . Some of the best projects are when you can facilitate everyone to be around the table. But you still need a vehicle to enable that collaboration. So a diversity of ownership vehicles, a diversity of governance and delivery models, is important. Something that has some robustness and reliability about it, but isn't just locked into one organisation or another”. (Officer, Local Authority – focus group)

A key challenge for public sector policymaking that seeks to enable social innovation assemblages then, is to find ways to maintain a focus on improving social relations - *whilst also* balancing the challenges that stem from the blurry, dynamic, assemblage-driven contexts that social innovation both generates and requires. The need for greater flexibility and autonomy sits in tension with governance requirements and this can create challenges for individual public sector officers and for innovative policy initiatives. This tension was described by a ‘user group’ participant thus:

“When trying to ensure accountability there’s a tendency to cling to process, and you can lose sight of the end goal. The reality is diversity - we need to open processes up and allow for more hybridity”. (Officer, Local Authority – focus group)

For policymakers, navigating this tension can mean relinquishing control of the driver’ seat. As the case studies demonstrate, this means opening up existing processes to work in distributed governance arrangements with diverse hybrid assemblages of actors in ways that *also* protect the public interest by ensuring transparency and accountability in processes and outcomes. At the practice level, arrangements can take a relatively simple approach, such as agreeing to a Terms of Reference for a temporarily collaborating group of people.

At the other end of the spectrum, as the four in-depth case studies clearly show, arrangements can also develop into sophisticated and purpose-built delivery vehicles that evolve over time and in response to changing needs. I suggest that the roles that the second-tier for-social-purpose entities (for this discussion, I will call them intermediaries) are playing in these cases offer significant insights into how governance and coordination challenges can be met. Each of the intermediaries (Ready for Business, Citymart, Fusion21 and KOMOSIE) facilitates and coordinates a range of activities on behalf of various public sector agencies and local authorities. These include: managing procurement activities; building capacity into supply chains; coordinating diverse and distributed delivery networks; facilitating cross-sector learning and collaboration; contributing to learning and development within the public service; and advocating on behalf of the relevant socio-economic issues they work around.

How all the multi-faceted relationships involved in these intermediaries are organised has a strong bearing on the extent to which improvements in social relations have been generated through the social innovation activities. In each case, the effectiveness of the model derives from the diverse assemblages involved and I suggest that making this work in public sector contexts has hinged on the bespoke NPG-style governance arrangements that have been developed over time. As the 'thick descriptions' of these cases show, these organising frameworks created opportunities to work into all the 'little narrative' specificities that make up the complex assemblages, and through this to identify where openings for reconfiguring relationships could be found.

In each case, the bespoke arrangements were jointly negotiated and agreed upon, and through this process new socio-technical assemblages were established. These assemblages successfully combine an emphasis on strong relationality and engagement with a broad range of agents, with the use of NPM-style 'tight' technical processes. In each of the four cases, the assemblage has culminated in a bespoke institutional solution. The case studies provide insights into some of the specific organising arrangements that allow the partners to innovate and respond flexibly to opportunities and challenges, whilst also maintaining the high level of

transparency required in public sector contracting. By balancing flexibility and structure, significant best-value is being generated with and for specific communities.

The intermediaries in these cases are very much for-social-purpose in their orientations. The core socio-economic objectives that underpin their missions guide their work on a day-to-day basis, and are deeply embedded within their institutional structures and cultures. For example, a strong focus on lean operating principles is driven by the incentive that surplus is reinvested in pursuit of their missions. Their socio-economic objectives can be read as closely reflecting those of their various public sector partners - and because their institutional structures do not require them to return a profit to shareholders or other vested parties, a level of surety around transparent and effective allocation of public funds is inherent to their models.

In a climate of reducing budgets and increasing needs, these factors assist the public sector entities involved to achieve best-value for the public in ways that are not just focused on cost savings and other efficiency measures. As Erridge argues, “while it is recognized that public value is a demanding standard . . . emphasis outwards on societal outcomes rather than merely inwards on internal processes provides a necessary democratic element to procurement policies and processes” (2007, p.1031). Best-value is being delivered through better social outcomes for citizens and communities and (in some of the cases) substantial savings on procurement costs, including through more efficient work practices - which in turn generates further cost savings.

At the same time, contrary to the assumptions of pure NPM-style thinking, as shown through the case studies, they have actually *improved* accountability standards. The intermediaries also demonstrate how these types of governance frameworks foster nimbleness and responsiveness, as they are all always searching for where new opportunities may lie. This aspect can also be attributed, at least in part, to the NPG-style approach which, as seen in the case of KOMOSIE, requires constant improvements as part of the enabling arrangement.

However, resourcing the types of coordination and brokering roles that the intermediaries play is notoriously challenging in public sector contexts, as it can be difficult to demonstrate the direct value they deliver and because securing support for early stage development is rare. Public sector resources are often critical to determining the durability of social innovation activities over time (MacCallum 2013, p. 343), and these can also be critical to supporting transitions through the stages of the adaptive cycle as contexts change (Moore et al. 2012). Perhaps not surprisingly therefore, in the current climate of shrinking public sector budgets, research has identified that social innovation assemblages that incorporate a revenue generation model are more likely to sustain over time (Brandsen 2013). In the four in-depth case studies, autonomous income ensures the stability and independence of the intermediaries, and therefore their effectiveness on behalf of their public sector partners and the communities they work within.

9.2.1 Socio-economic procurement: A policymaking domain ripe with opportunity

As demonstrated through the four in-depth case studies, public sector entities can intentionally enable the progression of intermediary-style social innovation assemblages through the lifecycle and into becoming self-sustaining and robust entities. In these cases, the public sector agents involved used their 'powers of government' in different ways to create the conditions that generated sustainable income streams. Rather than requiring control of the driver's seat, they also engaged as equal partners with the diverse actors involved, allowing them to apply their full creative potential to develop and continue to innovate the most effective model possible. As a result, the intermediaries have established thriving for-social-purpose markets for themselves, demonstrating how institutional level social change can be brought about, whilst also significantly increasing the socio-economic impact of their public sector partners.

As I elaborate in the in-depth case studies on KOMOSIE and the DMTSP program, when work on identifying needs and opportunities begins early it becomes possible to identify where there is potential to address multiple policy objectives through a specific commissioning process. Where these opportunities exist, *direct* socio-economic procurement can emerge as the strategy of choice, as for-social-purpose entities can make effective partners in these contexts. Using the powers of government to establish and/or shape markets has supported the creation and sustainability of autonomous for-social-purpose enterprises in these cases. With access to appropriately configured resource bases, these entities have matured into robust and innovative supplier-partners committed to transparency and ongoing improvement.

Through the in-depth case studies I establish socio-economic procurement as a policymaking domain with much potential for enabling this type of progression. I show ways in which socio-economic procurement offers a practical strategy that can be integrated into all stages of the procurement cycle - through which enabling support can be organised, whilst also achieving more effective allocation of existing budgets by delivering on horizontal policy objectives. The cases examined show that horizontal objectives can relate to a wide range of policy domains; that socio-economic procurement can be integrated with existing procurement frameworks without jeopardising transparency and accountability or increasing risk; and that a judicious combination of NPG-style 'tight and loose' arrangements can actually improve these public interest objectives.

My research has shown that this balance *can* be achieved within the NPM-dominated cultures and hierarchical accountability structures that characterise public sector policymaking contexts. Incorporating tight NPM-style reporting with open processes and strategic network-based relationships, NPG approaches to governance relationships can achieve the transparency and accountability required.

I suggest that as interest grows, this trajectory has potential to normalise the use of bespoke combinations of tools, processes and relationships in enabling social

innovation assemblage. As Akrich, Callon & Latour identify, successful innovations involve 'social material' (agents) and 'technical material' (processes) that are 'relatively malleable', but that at the same time stabilise an 'acceptable arrangement' between the assemblage parts (2002b, p.210). With its strict NPM-style processes, public sector procurement provides ample scope for exploring how technical material can be (re)configured in ways that are acceptable to all the diverse agents involved in a social innovation assemblage, including those from the public sector. The balance between these will necessarily be unique to the particular context, as determined by the assemblage parts.

Another interesting finding was how co-design processes can be operationalised through socio-economic procurement. Within the snapshot case studies were a group of social innovation activities that are all using co-design processes to develop public services. This group includes: East Dunbartonshire Dementia Clinics; Northamptonshire County Council's *Libraries Plus* model; *e-Adept's* mobility device for vision impaired people; La 27e Region's social policy design program; SAIATU *Hospice at Home* program; and the *Public & Collaborative: Designing Services for Housing* project in New York.

Co-design emphasises collaboration, explicitly involving 'users, partners, suppliers and other stakeholders' in designing the service delivery model (Bason 2014a, p.4). Co-design is based on the premise that untapped resources are opened up when trust and relationships are prioritised (Maschi & Winhall 2014, p.223). Growing interest in co-design in the public sector reflects the increasing recognition that engaged approaches are required to face complex public issues. The 'squishiness' of many such issues means that involving those affected is central to developing effective policy options and programs, and to creating public services that will be more sustainable in the long term. 'Squishy' public issues are considered to be those that impact the interests of many stakeholders, that can be viewed differently from various political perspectives, and where influencing their trajectories often requires changes in human behaviour (Durose & Richardson 2016.)

Co-design is an example of a 'release' stage strategy, designed to open up traditional approaches and rethink assumptions. By their very nature, engaging in co-design processes requires those involved to be open as to what the outcomes may be. Therefore, to ensure flexibility in how the outcomes are (or are not) acted on co-design processes are often entered into without an agreed implementation strategy in place and this can prove problematic for public sector entities, due to risk aversion and complicated decision-making structures, and so co-design projects can sometimes languish from *un*-decision-making (Public Policy Lab interview⁷⁰). All the improvements in social relations achieved through involving citizens, third sector organisations and other previously often absent stakeholders in design can also be lost if the outcomes are not implemented – and trust relationships can also be negatively impacted, jeopardising future involvement.

I suggest that the Citymart and DMTSP models provide examples of how commissioning and procurement processes can be structured in ways that operationalise co-design processes – in effect, progressing them beyond development phases and into co-production and co-delivery models. They do this through integrating socio-economic procurement strategies. Importantly, the NPG-style frameworks used to manage the procurement activities also mean that in these cases the 'openness' of the newly designed service does not become constricted, due to an over-reliance on narrow NPM-style tools and 'norms' at different stages of the process.

Each of the case studies provides insights into how negotiating bespoke 'rules of the game' is central to designing effective NPG style procurement frameworks. It is in these 'rules of the game' that intentions to make different decisions and/or to make decisions differently can be agreed and codified. In the emerging field of socio-economic procurement, improving the legitimacy and uptake of practice

⁷⁰ The Founder and CEO of The Public Policy Lab was interviewed as input to the case study on the *Public & Collaborative: Designing Services for Housing* project. Ensuring an implementation strategy for this project before the partners knew what would be involved was part of the innovative approach achieved on this project.

and policy will come through making visible and learning from the rules developed in successful models (Barraket, Keast & Furneaux 2016, p.51-52). The cases presented here offer useful insights into processes and practices that normalise the involvement of for-social-purpose agents in developing these rules, when opportunities to tackle complex socio-economic objectives are evident. Importantly, they also demonstrate that this can be done in ways that manage potential conflicts of interest, and that can actually improve transparency and accountability of both resource use and outcomes.

The field of socio-economic procurement remains, however, constrained by a lack of evidence – partly due to the newness of any coordinated approach to the practice, and partly due the challenges associated with measuring social value (Barraket, Keast & Furneaux 2016, p.44-45). The exploration of the Fusion21 model makes a contribution in this regard, as it provides insights into how considerations around social value can be incorporated into the core operations of a socio-economic procurement model. One of Fusion21’s ambitions for the future is to draw on its experience to take a more active approach to influencing policy in the UK. Whilst it has made some contributions in this area to date (including submissions when the *Social Value Act* was in development) the team’s focus so far has primarily been on getting the model right, really working into all the aspects and testing its effectiveness. As the Chair of the Board suggested:

“Fusion21 is a grafting, sleeves rolled up organisation - we don’t have a stand up and shout style. But we have the substance now, so we can start to do that a bit more. The important thing is what we have to say”. (Fusion21 Board interview)

As part of its vision for the future, Fusion21 advises it would like to see a commitment from a Minister or other key decision maker within the public sector to trialling socio-economic procurement strategies in a coordinated and structured way over a defined time period - someone to ‘big it up’, as they say. They suggest that this process would create the concrete examples needed to inspire commissioning and procurement staff within Local Authorities and public agencies around what is possible. The accumulated examples and experience

would assist with changing perceptions about risk, and through this open up the potential for innovation also. At different scales and in different ways a similar process is possible within any public sector jurisdiction.

9.3 Roles for the public sector: Curators and ‘free-range’ public servants

In the emerging NPG landscape, all parties interested in enabling social innovation assemblages are being challenged to think and work differently – within their organisations, with their partners, with citizens, and in relation to their own roles. However, as discussed previously, those working within the public sector face significant challenges in navigating risk-averse cultures and hierarchical decision-making structures, whilst also maintaining accountability and transparency requirements.

In this context, ‘the revolution’ of systemic disruptive change does not generally come easily and so I suggest that approaches like NPG that work within existing frameworks offer useful platforms for developing, establishing and supporting the adoption of innovations. This finding is drawn out of the readings I present of the case studies, and in how this occurs in practice many of these reflect Akrich, Callon & Latour’s *interessement* model of diffusion, in that they show that diffusion is more a process of overlaying and integrating with the old, rather than replacing with the new. Interestingly, they also note that this process is particularly evident in environments where ‘operational incidents’ must be avoided (2002a, p.195). I interpret this as making their approach particularly relevant to public sector contexts, as the types of goods, services and works it has responsibility for delivering include those on which large portions of the population rely (for example – waste management, infrastructure maintenance, online portals to essential services, etc.). Consequently, the environment can be highly political, including intense media and other scrutiny.

An approach that participants in the focus groups identified as productive, which reflects this ‘overlying’ style of integration, was to begin working ‘very quietly’ to identify what existing policy positions could support the activity. An example raised and explored by participants is that most public sector entities – at all levels of jurisdiction – have triple-bottom-line oriented policies that can be drawn out to help position social innovation activities within existing frameworks. Here, it was suggested, being bold about how the activity can help deliver on objectives that have already been agreed at the highest level can be a productive approach, as it can be surprising how many policies lack substantial implementation plans.

“Social innovation can fall between things in policymaking - a bit too soft for the economic side, and a bit too hard for the social policy side”. (Senior Public Servant, Australian Government – interview)

Through the focus group, and using the language tools provided, we identified that when read differently that rather than ‘falling between’ policymaking siloes, social innovation can be positioned as a boundary-spanning approach. Social innovation activities are often well-placed to make contributions towards breaking down siloes between policy objectives, and so to demonstrate a genuinely triple-bottom-line orientation. Participants suggested that both these positioning frames can be attractive to senior leadership and so can help to strengthen ‘the case’ for enabling social innovation activities in relation to specific policy objectives.

More precise and sophisticated understandings of concepts and processes can assist with gaining traction with both internal and external stakeholders (Sorensen & Torfing 2015, p.146). Language tools developed with this in mind can become part of the ‘relationship vocabulary’, and are then available to draw on in negotiating the ‘rules of the game’ that, as discussed throughout, open up potentialities around enabling social innovation (Barraket, Keast & Furneaux 2016, p.99) assemblages.

As the ‘user groups’ research activity demonstrated, language tools are a key input to shifting subjectivities through improving capabilities and capacities.

Presenting ‘the case’ using the language tools offered by the experimental configuration of frameworks explored here has potential for facilitating senior public servants and elected officials becoming more familiar with concepts and nuances, and so more confident in communicating about them in their own decision-making domains, and also more receptive to ‘the case’ for supporting social innovation assemblages.

“It’s interesting when you have different levels of government officers involved. I find in my work that it can be the senior people who don’t have the language around this. More junior people often have the language, but they can’t make it happen, until the more senior people understand.” (Residents & Enterprises focus group participant)

Focus group participants also identified that whether or not a social innovation assemblage is occurring with a policy imprimatur that carries high-level ‘authorisation’, officers ‘on the ground’ can have substantial influence over how public sector roles are enacted through the day-to-day decisions they make. At all of these decision-making points there are opportunities to take alternative approaches – and as demonstrated through the in-depth case studies, to do this within existing governance frameworks. Therefore, through these ‘carriers of social practices’ there are significant opportunities to affect cultures and norms and through this to open up spaces for ethical negotiations and to improve social relations (Howaldt et al. 2014, pp.12-14). I suggest that reconfiguring the expectations of these roles, supporting transitions into new subjectivities and new ways of working is therefore an area of activity with much potential for strengthening social innovation assemblages.

However, the skills and perspectives required in this emerging landscape can be quite different from those required in pure-NPM environments. Managers shaped by the type of training and incentivising that pure-NPM oriented cultures rely on tend to focus on inputs and outputs. Similarly, relying on ‘blue-prints for best practice’ is considered an ‘artefact’ of these simpler systems (Barraket, Keast & Furneaux 2016, p.143), and again highlights the limitations of ‘fast policy’ approaches to enabling social innovation. Strengthening how the public sector works in these contexts requires different kinds of leadership internally. These

leaders must work with the ‘emergence’ inherent in the complex adaptive systems that now characterise public sector responsibilities – Sorensen & Torfing identify the qualities of this leadership as ‘distributive, horizontal, collaborative and integrative’ (2015, pp.156-158).

Similarly, Bovaird suggests that a new ethos is needed – one that places supporting, encouraging and coordinating the capabilities of others at the centre of the public sector’s role. He identifies that this requires officers skilled in sharing power and brokering relationships between non-traditional internal and external partners (Bovaird 2007, p.858). Moore & Westley argue that the knowledge and expertise required in this sphere are complex – for example, when to focus on nurturing existing networks or on expanding their reach; and how to establish and leverage the specific socio-technical assemblage needed to bridge a particular ‘seemingly insurmountable chasm’ (2011, p. none.). Within his sphere of activity, a ‘user group’ participant described this changing landscape thus:

“In some ways it’s like in the not-for-profit sector where so much energy goes into enhancing Board capacity. It’s the same sort of stuff, in terms of middle and senior level government agency people – the ones who are sitting on decision-making committees and things. To start seeing themselves more like a Board, taking some ownership and working collaboratively, rather than simply being there to represent their Director or agency.” (Ex-Senior Manager, State Government & Local Authority – interview)

In particular, negotiating skills are considered critical to all of these functions. The network-oriented context means that public sector agents can no longer simply use hierarchical authority to drive policy agendas. In particular, reliance on NPM-style resourcing agreements (in both contracting and grant-making) that require adherence to pre-determined and narrowly prescribed objectives is problematic in contexts where other sectors and actors are being looked to for often substantial financial and in-kind resource contributions (Klijn & Koppenjan 2012, p.593). As partners in these activities, with equal if not more ‘skin in the game’, entities like KOMOSIE, Fusion21, Citymart and Ready for Business justifiably expect to be treated like ‘consenting adults’ with substantial influence over how initiatives are designed, produced and delivered, and in how any

resource surplus generated is distributed. I have previously termed this a ‘joint stewardship’ style approach (McNeill 2011) – and how conceiving, resourcing and coordinating social innovation assemblages can be undertaken in this style was articulated by one of the ‘user group’ participants:

“I think about progressive large not-for-profits like [names] – they made significant investments through their own resources into [a particular initiative]. It was these contributions that leveraged the State and Federal money, not the other way around. With something to put on the table, they had joint ownership from the start and that was really important”. (Ex-Senior Manager, State Government & Local Authority – interview)

Taking on roles as ‘convenors, facilitators and catalysts’ (Sorensen & Torfing 2015, p.159) – or what one focus group participant described as ‘curators’ – necessarily requires public sector officer’s relinquishing control of the driver’s seat. A focus group participant described how she sees her role thus:

“I see my role as more of a curator now – not trying to make everything happen myself. I try to curate resources to support what people in the community are doing. Often that involves advocating for them with internal stakeholders too.” (Officer, Local Authority, focus group)

Framing public sector roles this way also ensures that ‘credit’ for activities is attributed broadly to all those involved. An interesting area for further research would be to explore whether and how these NPG style relationships could contribute to reducing the extent to which politically motivated agendas and electoral cycles skew the shape or trajectory of initiatives.

Another benefit of using ‘curatorial’ as a language tool for framing public sector roles is that it promotes closer connections with a more diverse cross-section of people and organisations. Knowing what interests might drive participation, and what diverse resources may be available to draw on, is foundational to curating effective socio-technical assemblages. Here, the concept of the ‘free range civil servant’ (Adams 2015) offers another useful language tool. This approach was clearly demonstrated in the working relationships between KOMOSIE and its public sector partners. As described by one of the interviewees, the approach is based on an internal team culture that prioritises regular field visits with social

economy partners, freedom for officers to organise their work as best fits them, and trust and openness around communicating with a wide range of stakeholders. Whilst these practices were reportedly not widespread across the whole department, they were increasingly being recognised as effective and other teams were beginning to adopt similar methods (KOMOSIE case study, DWSE interview). These shifts in role orientations, expectations and norms were seen as occurring in the Australian context also:

“You're a public servant, but your role is to enable change, to act in your capacity and really unlock opportunities and think outside the traditional scope of roles. It's already changing like that - no longer a nine-to-five focus, trying to unleash people from highly bureaucratised paper based systems.”
(Senior Manager, Australian Government Outsourced Initiative – focus group)

Participants in the Residents and Enterprises focus group were particularly enthusiastic about public sector officers playing ‘curator’ and ‘free-range’ style roles, and emphasised the importance of facilitative functions in relation to their work. Whilst not new, some examples and suggestions coming out of the two group discussions show how these types of language tools can be enrolled in naming and grouping activities in ways that begin to populate this new ethos:

- coordinating place-based networking events that have a particular focus on identifying the skills available amongst interested parties, and on connecting people to each other;
- providing cross-sector networking opportunities – rather than the more common practice of bringing all the business people together or all the community sector people together, but separately;
- supporting groups to organise amongst themselves by contributing small amounts of funding to pay for catering, or offering free of charge spaces for groups of people to meet – but not requiring ‘badging’ or that particular conditions about who, what or where is involved must be met;
- brokering contact with other internal colleagues who may be able to provide skills, experience or contacts that could help an initiative to progress; and

- providing hands-on assistance to navigate other public sector departments, other agencies and other levels of government (eg. telephone calls, organising meetings) – which can often seem impenetrable when attempting to ‘look in’.

Participants also saw pilot projects as having strong potential to open up thinking. The Citymart case provides an example of how pilots can be used to good effect in procurement processes – its model emphasises their use to increase confidence in new and innovative solutions to social and environmental issues, and then the selection of workable options to implement them more fully. Pilots help to minimise some risk aspects and to spread the ownership amongst a broader range of stakeholders, which also improves the potential for adoption at later stages. It was also suggested that pilots can offer a way for officers at lower levels of the decision-making hierarchies to exert some influence of substance over higher level policy and program ‘announcements’. For example:

“A lot of times programs are announced without a lot of depth into the research and design of it. And that’s where you can, at a lower level, have some input into how its designed – for example, by coming up with ideas for pilot projects. At the start is where you have the opportunity to do that, because programs become over managed over time and then governments get rid of them” (Officer, Australian Government Contracted Agency - focus group).

Pilots were also seen as an important tool for shifting the ‘policy first’ thinking that can dominate in public sector processes. Policy change (at the political level, and then development and integration with existing frameworks), can be a very slow processes within governments and so trialling and testing an approach in the meantime can be a useful way to take steps towards demonstrating how something could work. This can then later support the implementation of the larger scale change through providing access to experience-based knowledge. As suggested by several focus group participants, sometimes this can require working ‘under the radar’. Allowing partner organisations to take the lead in these situations can be a useful strategy for navigating internal hurdles, whilst having the added benefit of building ‘shared ownership’ relationships from the start.

“Part of it is to try to shift that dynamic internally. We often have mentality of ‘get all your ducks in a row first’, get the policy out before testing anything. Actually it should be the other way around, because the testing allows the fail-safe space.” (Officer, State Government – focus group)

9.4 Towards an ethos of intentional policymaking

Together the analysis presented in this Chapter and throughout this thesis provides signposting towards a new ethos in public sector policymaking. This ethos includes a language politics that makes visible and promotes practices and policies that intentionally seek to establish economies that return value into communities, rather than extracting value from them. There are clear roles the public sector can and does play in shaping these communities - through increasing opportunities to participate in decision-making by those affected, fostering peer-to-peer style governance frameworks with institutional actors, and supporting capacity building amongst diverse agents and across all forms of ‘capital’.

All of these roles contribute to improving social relations - at different scales and between different groups of actors, within communities, between people and governments, across sectors. By focusing on the specificity of context - what notions of best-value, social value, public value, common good and acting in the public interest look like to those actually impacted by decisions and priorities can be brought to the fore. For policymakers, this baroque sensibility provides a practical tool that helps to navigate the questions of normative ‘goodness’ evident in the ‘grand narrative’- and which, when taken in their romantic complexity form, can become paralysing and act as significant inhibitors to enabling social innovation assemblages.

As this study has demonstrated, questions of social value can be approached through understanding the specificities involved in improving social relations. Approaching social value this way counters reliance on narrow quantitative

measures and on the kind of 'blueprints for practice' that are privileged by 'fast policy' agendas. It also supports intentional policymakers who seek to diffuse social value 'success' in ways that prioritise local knowledge and connections, and who purposefully seek those local actors who can adapt the model to suit local conditions in ways that support ongoing viability.

Public sector roles like those discussed here go well beyond the 'one-way' consultative approaches that commonly pass for co-governance in the public sector. Where complex public needs require new and different ways of working, there exists "an intermediate area that is not public nor private, but of common interest" and that locates "commons institutions in between the market and the state" (Iaione 2016, pp.442-443). I suggest that the social innovation assemblages embodied in the for-social-purpose intermediary enterprises explored in detail in this study demonstrate such institutions in action. I also suggest that enabling entities like these, and sharing the 'driver's seat' with them, is one way that the public sector can act on a new ethos that seeks to bring about the large-scale shifts in power relations that signify the kind of disruptive-level social change needed to address complex public issues. Following the community economies tradition, I also argue that this type of social change necessarily includes intentionally building the community centred economies that by design address the broad scale marginalisation enacted through the dominant hegemonic discourse.

However, the conceptual frameworks explored here, and the input of the study's participants, have confirmed that this type of 'big-picture' change usually occurs through incremental and institutional processes that build slowly and iteratively. From this perspective, rather than looking for an event of 'creative destruction' (Schumpeter 2010), we should be looking for opportunities to establish the practice-based approaches needed to act as the hinges 'between an old world and a new' (Murray 2009, p.5).

For intentional policymakers then, it is imperative that we identify tools and resources that can work *within* current systems and cultures, in ways that

recognise the interdependence of economic and social policy objectives and break down the siloes between these as domains of practice. Enrolling NPG concepts and language to describe the models explored in this study provides a theorising framework that assists with normalising social innovation assemblages within existing policy contexts. Within this, it allows for a baroque sensibility to shape the negotiation of 'rules' between partners by prioritising the specificity of the contexts they sit within. I suggest that this sensibility is critical, as there is no 'blue-print' for a best NPG network form and the alignment between purpose and form is not always established at the outset, but evolves over time and in response to contextual factors (Koppenjan & Koliba 2013, pp.4-5).

The combination of theories and cases explored in this study provide substantial insights into the detail of how intentional policymaking can be designed and implemented. They also establish that institutionally hybrid entities that have been purpose-built around a social innovation assemblage, and that have the 'public good' embedded in their core governance DNA, are well suited as partners in the endeavour of building community economies and performing new worlds of possibility.

CONCLUSION

“It’s quite amazing when you think about it. There’s such a large innovation agenda. [The Australian Government] has a whole department, with a lot of people focused on it. But social innovation - until recently that hasn’t been thought of as innovation. Social innovation is a sub-sector of innovation, yet there is very little focus on that”. (Senior Public Servant, Australian Government – interview)

Leading into the recent Commonwealth election in Australia the focus of the Liberal conservative government’s Innovation Statement was largely on promoting commercially-focused innovation and on improving technical skills. The ‘ideas boom’ rhetoric reflects the preoccupation with ‘stepping up the size of the model’ characteristic of romantic methods (Law 2004, p.16-18), and of a ‘grand narrative’ that positions innovation as the cure for all ills: *“it is a boom that can continue forever, it is limited only by our imagination, and I know that Australians believe in themselves, I know that we are a creative and imaginative nation”* (Prime Minister Turnbull 2015).⁷¹

Social innovation is largely missing from this discourse, and in general receives little attention from what can often be ‘big budget-high profile’ innovation agendas within commercially and technically oriented public sector departments and programs. Through this study I contribute to developing more textured language tools for communicating about social innovation, to contribute to positioning it more strongly in relation to the dominant innovation discourse in policymaking contexts. I have also sought to demonstrate how the ‘messiness’ of social innovation assemblages can be managed and normalised *within* existing public sector cultures and hierarchical decision-making structures, contributing to dispelling the myth that ‘there is no alternative’ and that nothing can be done without broad scale system change.

This study has generated a wealth of material and considerations that could provide research agendas for years to come. In particular, the data gathered

⁷¹ For some media commentary and analysis of the Innovation Statement see: Borello & Keany 2015

through the case study research offers many avenues for further exploration. One example would be to develop each of the case studies further, to draw out the themes explored in the in-depth case studies across the full set and so to develop more reference points around matters related to governance and assemblage. An aspect of this could be to revisit the data as NPG practice and research develops, to re-examine it with reference to new thinking to see how it could contribute to furthering developments in that field. Another area would be to undertake a more comparative analysis of the policy contexts of some of the case studies, to identify similarities and differences in policy frames and tools available in Australia and so how they might be drawn on to promote specific actions and trajectories.

Many of the case studies are focused on social innovation assemblages that are attempting to address social needs issues that have their roots in neoliberal policy agendas. Many are also adopting methods and models that respond to the budgetary crises public sector agencies in Westernised democracies are experiencing. I have purposefully adopted an open and non-critical stance towards these issues in this study, to allow for a broad exploration of the roles involved and in an attempt to think differently about possibilities. Therefore, a clear area for further research would be to examine the case studies and the analysis presented here through a more critical frame, that purposefully draws out the problems and issues the assemblages are navigating. An obvious example of this would be to look closely at those cases that are relying on volunteer labour to deliver public services, and to consider the impacts of this on individuals, institutions and communities. Adding these perspectives to those developed here would enhance the usefulness for intentional policymaking purposes.

Related to this, by selecting the policymaking domain of procurement as the focus for the in-depth case studies I generated insights that are potentially relevant to a broader cross section of policymaking. This observation results from attempting to think differently about the current austerity budget climate, and the tranche of out-sourcing and privatisation that is occurring as a result (at least in Westernised democracies). In this context, contractually specified relationships are the implements that govern how an ever greater portion of

public spending occurs. I hope that by lifting the lid a little on the 'black box' of commissioning and procurement, and contributing to theorisation and practice in this field, this study may stimulate others to also think differently about ways in which these processes can be reconfigured to bring improving social relations back into focus in public sector policymaking. This is obviously a hopeful stance, but one which fits with the ethos of this study.

In future, revisiting any of the case studies could provide additional rich data around lifecycles. As with all cross sectional research, the perspectives drawn on were offered by participants based on their experiences, views and orientations at a given point in time. Having the opportunity to follow up on the initial interviews would be interesting, as it is likely perspectives will have changed over time. Combining these new perspectives with the data collected through this study would add layers of texture and provide deeper insights into how social innovation assemblages evolve over time. As shown here, improving understanding of lifecycle dynamics helps to identify how and when enabling support can be most critical to development.

Linked to this, it is also worth noting in relation to avenues for further research that the 'thick description' approach uncovered stories about individual public sector agents who had been, and in some cases were still, playing instrumental roles in enabling the social innovation assemblage. Often this was above and beyond their role description, and sometimes their approaches were 'not on the radar' in terms of the hierarchical authority endorsements for how they chose to interpret these roles. Further research into the subjectivities of these individual agents, and how they might be drawn on to shift others towards more intentional and progressive policymaking would complement this study.

A sense of the potential impact of this came through the focus groups research activity, confirming that engaged co-research methods are fruitful in this area. In particular, participants in this study advised they found the opportunities to be introduced to conceptual material in a supported context, to 'take time out' to critically reflect on their own work and to share with and learn from peers

beneficial. It was clear that through the group discussions people's opinions and perspectives were extended, which confirmed some achievement of the generative intention of the study. A particularly heartening comment was offered by one participant at the end of the Public Sector Officer's focus group:

"I was naturally suspicious at first and it took a bit of persuading before I agreed to come. I even tried to fob it off on someone else in the team. I think that's because [local government area] is over researched - we get constant requests from academics. What got me here in the end, and what I know now from being here today, is that I'm confident when you finish you'll have some practical things. For me and my colleagues, when the academics knock on the door, that's our big challenge - what will we be able to do with it at the end? What's actually going to be useful about the research. I've learnt a lot today, and stretched my mind. One thing I will take away straight up is the language - especially around the diverse economy. I know a few people I can have some different conversations with using that." (Officer, Local Government - focus group)

Engaged research processes like that included here offer much to improving understanding of social innovation assemblages, where the relationships between those involved are so critical. Building on the starting points established, reconvening the same group involved in the Public Sector Officers' 'user groups' activity would be an interesting research project. Gathering their perspectives on how the initial activity may have assisted in the intervening period, and their ideas on how an intentional ethos could be further developed, would both make useful contributions to furthering social innovation as a theoretical and a practical field.

Conceptually, the study has sharpened and deepened my interest in a whole range of matters around decision-making and approaches to governance. This interest is reflected in the second research question, and continuing to explore the negotiations involved in social innovation assemblages and 'get closer' to the practices involved will be an ongoing interest in future projects. My experience is that case studies are a rich research tool for this purpose - particularly where multiple perspectives can be gained, in-depth discussions held, and where visits to the sites of the entities involved can be included. Through exploring the first research question, even more clearly than at the outset, I am convinced that

teasing out and making visible the fine grained detail of what is considered, who is involved and how processes occur is a generative first step towards enrolling diverse actors in conceiving and performing other worlds of possibility. I hope to cultivate and bring this type of 'baroque' perspective to many future endeavours, and I have no doubt this will be a life-long interest.

The broad aim of this thesis was practical in nature - to contribute to strengthening the efforts of those interested in enabling social innovation through public sector policymaking. Through the combination of research questions and methods used to explore them, I have identified openings for the establishment of a new ethos in public sector policymaking.

Beyond the practical aspirations, I believe I have also made some theoretical contribution to furthering the Community Economies research project by applying some of its concepts and methods to this task. In particular, I have explored how public sector roles can be incorporated into characterisations of the diverse economy, and using the NPG literature have begun to explore how core community economies themes – such as contextual specificity, participatory governance, and peer-to-peer relationships - can be integrated within the existing cultures of public sector contexts.

In doing this I have shifted the positioning of the public sector to recognise that it can be more than 'just part of the problem. In doing this, I demonstrate how policymaking agents and processes can play dynamic and unique roles in enabling social innovation assemblages, and signpost a pathway for enrolling their interests, capacities and powers in performing community economies. I hope that other researchers, policymakers and social change activists may also find these perspectives motivating.

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APPENDIX A: Case study interview themes

Overview

- Please introduce yourself, your organisation and your organizational role
- When was [your case example] established, how long has it been running for
- Please describe [your case example] in your own words

Purpose and progression

- What is the overall purpose of [your case example], what is the issue it seeks to address
- What impact do you think this issue has on the neighbourhood/town/city/region
- What is the theory of change underpinning [your case example] – ie. how does what you do address the issue/purpose you are working on
- Has the approach taken by [your case example] changed over time, have there been iterations
- What progress has [your case example] made towards its purpose to date
- In what ways would you describe [your case example] as successful in addressing its purpose
- What do you think has made [your case example] work
- Have there been any unexpected outcomes or consequences
- What have been the main challenges and how have these been handled to date
- Do you think [your case example] has made, or assisted others to make, an economic contribution to the neighbourhood/town/city/region to date – please describe
- Has any evaluation of [your case example] taken place, if so describe and discuss

Partners and stakeholders

- Where did the original impetus for [your case example] come from
- Who/what organisations have been instrumental to [your case example] over time
- Describe their role/s and what you see as their key contributions to [your case example] to date
- What resources have been instrumental in developing and/or implementing [your case example] over time (time, money, space etc)
- What has been your and your organisation's relationship to [your case example], what has your organisation contributed specifically
- Please describe your understanding of the organisational context for your involvement with [your case example] – where have internal support and/or challenges come from, who has been involved, how does it relate to strategic objectives and policies, do you feel your role in [your case example] has been supported, is [your case example] valued by your organisation, what has changed over time, how dependent on specific internal people or structures is your organisation's involvement
- What has being involved with [your case example] meant for you personally, how does its work relate to your personal values
- How is [your case example] viewed more generally – eg. within its sector, the media

Public sector

- Please describe the relationship of [your case example] to the public sector (all levels, as relevant) – what hurdles have been encountered, what challenges have been overcome, what support has been provided, who has been key and do you think their role has been supported by their own organisation internally, what has changed over time

- What is the relationship of [your case example] to broader public sector policies and programs
- Have there been any specific policy or program-related (including political and legislative) external factors that contributed to or challenged the development or implementation of [your case example] over time
- How could the public sector (all levels, as relevant) further enable [your case example]

Characterisation-specific

- What economic processes do you think have been involved in [your case example's] establishment or implementation (labour, transactions, property, enterprise, finance) – *these will be elaborated on in the interview*
- Discuss your thoughts on whether [your case example] is generating any of the following in its field: new products or services; improved methods of production or delivery; contribution to the development of a new market, as a result of either of the above; new sources of supply or supply chain; a new model that delivers more efficient or effective organisation of the sector
- What contribution do you think [your case example] is making to local and/or regional development
- How do you think [your case example] contributes to a sustainable (social, economic, environmental) future for the neighbourhood/ town/city/region

Conclusion

- What do you see as the innovative features of [your case example]
- How do you see the future of [your case example]
- Are there any documents or other resources available that would assist with understanding [your case example] and its context
- Is there anything you would like to add

APPENDIX B: Additional cases

For completeness, a short description of each of the cases that were not discussed elsewhere in the final version of the thesis is provided below. They all provide interesting examples of social innovation assemblages, and were not included in the main discussion simply due to the shape the final representation of the analysis took.

Berlin Neighbourhood Management Fund

The Berlin Neighbourhood Management Fund is part of Berlin's Socially Integrative City program, and provides several funding pools to neighbourhoods identified as meeting specific social and economic exclusion criteria. Berlin's Department for Urban Development & Environment is the funding body for the grants, and also funds an independent non-profit Neighbourhood Management Teams in each area.

These Teams provide coordination support to Neighbourhood Council, made up of local residents and organisations. The funding priorities established for each region are developed in consultation with the Neighbourhood Councils, and projects are proposed by the local community. By devolving some of the budgetary decision-making on local expenditure of funds to the neighbourhood level, Berlin City is promoting civic engagement through a collaborative model.

Funding the coordination role of the Neighbourhood Management Teams builds capacity, by ensuring the expertise and time is available to support local level decision-making. This empowers the participation of those involved in the Neighbourhood Councils, providing opportunities to develop skills and experience in organising, project assessment and community leadership. A wide range of social programs and social infrastructure projects have been delivered into high-needs areas, and the processes for identifying and delivering social projects have been improved.

Interviews: Group Head of the Social City, Berlin City Council; and the Managers of two of the Neighbourhood Management Teams. All three were interviewed separately, at their respective offices in different parts of Berlin, Germany.

Other sources: Ewert & Evers 2014; AEIDL 2012.

Community Asset Transfer program

Community Asset Transfer is a mechanism used to enable the community ownership and management of publicly owned land and buildings. It usually involves the transfer of management and/or ownership of public land and buildings from the owner (usually a local authority) to a community organisation (such as a Development Trust, a Community Interest Company or a social enterprise) for less than market value – to achieve a local social, economic or environmental benefit. Most community asset

transfers involve long term leasehold arrangements (e.g. 25+ years at a ‘peppercorn’ rent) to enable external funding to be secured.

The Community Asset Transfer program supports the implementation of the UK’s *Community Right to Bid* legislation, which was introduced in 2011. It aims to address concerns that too often local buildings and land of great value to the community (such as village halls, local pubs, swimming pools, town halls, libraries and parks) go up for sale and are purchased by a private bidder before the community has the opportunity to put together the funding to take it over themselves.

Interviews: Program Manager from the Community Assets Team in the Department of Local Government; the Deputy Chief Executive of Social Investment Business, a partner in the program; and the Director of the Asset Transfer Unit at Locality, also a partner in the program. The first two interviews were conducted at the offices of the interviewees in London, and the third was conducted in a meeting room in Colchester, UK.

Scottish Land Fund

The Scottish Land Fund (SLF) provides rural communities of up to 10 000 people with financial resources and expertise to assist them to assess viability, purchase and long-term manage land and land assets. In its rural areas, particularly in the Highlands and Islands, Scotland has a high percentage of absentee landlords, along with communities struggling to remain viable in the face of declining populations.

Under the SLF a number of communities have successfully purchased land and land assets and are seeing increased sustainability as a result. Local enterprises have been established, local employment created, and people are returning to live in the rural areas. Community energy projects (wind farming) are a common enterprise, generating revenue to sustain other projects; in some areas woodlands are being reclaimed from mono-culture forestry practices; and some communities are investing in affordable and quality housing. The purchased land and land assets are covered by requirements that ensure their value remains in collective community hands.

The high level of community involvement required by the SLF process means collaborative approaches are needed. The structure of the fund recognises that communities require support to develop the skills, tools and resources needed to do this effectively.

Interviews: Project Officer for the Community Assets Team at Highlands & Islands Enterprise (via Skype); the Deputy Director of the BIG Lottery Fund Scotland (at his office in Glasgow, Scotland); and the Chair of the Scottish Land Fund Committee (in a meeting room at a co-working space in London).

Other sources: SQW 2012; SQW 2007.