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## Local government's contribution to reform

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This chapter explores what local government's own contribution to reform should be, arguing that greater local flexibility presents as significant a challenge to councils as it does to central government.

Opportunities for reform present a complex challenge for the leadership of local authorities, requiring long term vision and the ability to build coalitions to achieve that vision. This challenge falls to both political and managerial leaders.

An important role for the modern local authority is that of convening across all local services. To fulfil that role effectively, it needs to adopt a leadership style that engages local partners, facilitating, advocating, arbitrating and influencing rather than dominating.

The national voice of local government is important in supporting both improvements across the sector, and the growth in confidence of all councils as place-shapers. The Local Government Association (LGA) should continue to develop its role with partners, to provide leadership to local government and to challenge underperforming councils.

Political parties and political groups are also key players in the process of improving leadership, particularly in improving councillor recruitment and in making the role of councillor, especially frontline councillor, more rewarding. Political parties can play their part by refreshing their approach to recruiting councillors, while political groups should enhance performance management of their members and consider circumstances when use of the party whip may not be appropriate.

Improving public engagement is also very important and should be supported by better information for the public, developing scrutiny and through more creative approaches.

Finally, councils need to consider how they could use existing powers more innovatively, making best use of Local Area Agreements (LAAs) and the development of their commissioning role to build their capacity to innovate. This can build on local government's success to date in securing efficiency, developing approaches which focus on outcomes in terms of their value to the local community.

### INTRODUCTION

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5.1 Chapter 3 argued that the centralisation of governmental and public service functions has confused the accountability for local service delivery. This has generated a relationship that 'crowds out' local government's role in responding to local needs and priorities, and limits local government's contribution to the kind of society we want. I believe also that this downgrading of the local has contributed to a sense of powerlessness among some local politicians and officers, which needs to be reversed if local government is to deliver its full potential in helping to meet the challenges we face in the 21st century.

5.2 Chapter 4 set out the changes that I believe central government needs to make and I will go on to describe how local government funding should be reshaped to ensure that local government can play its full role. However, responsibility for changing the dynamic of local-central relationships and re-energising the relationship between the citizen and their locality also rests with

local government itself. This chapter therefore looks at the changes needed in the behaviours and attitudes of local government – both for individual local authorities and for local government collectively. I do not want to downplay the progress that many local authorities have made already but, while there is no comprehensive blueprint for success, I am convinced that major changes of approach are needed if councils are to embrace the place-shaping role in all our communities and rise to the challenge that ambition presents. My recommendations concentrate on those changes which are most urgent.

## **PLACE-SHAPING – THE CHALLENGE FOR LOCAL GOVERNMENT**

5.3 In Chapter 2, I identified place-shaping as capturing the central role and purpose of local government, defining it as the creative use of powers and influence to promote the general well-being of a community and its citizens. I went on to argue that shifting the relationship between central and local government by reducing central control and prescription will enable local government to respond better to local need and to manage pressures and expectations of public services more effectively. There is also, however, a clear need for local government to step up to the place-shaping challenge, and develop its style, skills and behaviours in order to make the role a reality.

5.4 The term place-shaping covers a wide range of local activity – indeed anything which affects the well-being of the local community. It will mean different things in different places and at different levels of local government, informed by local character and history, community needs and demands, and local politics and leadership. The powers and freedoms which local government can exercise are an important part of enabling councils to play this role. However, I am clear that effective place-shaping is as much about the confidence and behaviours of local government as it is about statutory powers or responsibilities.

5.5 In my May 2006 report, *National prosperity, local choice and civic engagement*, I cited diverse examples of place-shaping behaviours in local government, including Gateshead, Middlesbrough, Lewisham, Woking and Wakefield. These authorities and many others have made space for this even with current constraints on local flexibility. However, experience is patchy and I have identified a 'dependency culture' in many areas of local government – and all could do more. In the remainder of this chapter I will concentrate on the behaviours that I consider need to be developed by local government to ensure that all authorities can become effective place-shapers.

### **Focusing on the future**

5.6 Place-shaping requires local government to be more consistent in raising its sights beyond the immediate delivery of services, the short term political cycle and the timetables of funding and performance management – and to do this with greater ambition. It needs to focus on developing a vision for an area and its communities, a vision owned by those communities and by local businesses.

5.7 Such vision for the future requires:

- having a sense of where a place should be in five, ten, 20 and even 30 years' time;
- awareness, of long-term trends locally as well as in the world beyond their geographic boundaries – for example the changing economy and workforce, demographics and diversity, and environmental challenges;
- a sense of how the local area can be prepared and well placed to respond to these challenges;

- an ability to be responsive, as influences and trends will change in unforeseen ways, and local government and its partners will need to be prepared to adapt and change direction as required; and
- strategies for achieving all of this.

5.8 The pressures to focus solely on the shorter term are very strong, even for those councils with four-yearly all-out elections. For councils with more frequent elections, these pressures are even greater. Long-term planning can be challenging to achieve in the face of short-term demands but some local authorities have realised that it is only by shaping a strong vision for the long-term future that they can create a truly cohesive community. The residents of a single local authority can have very diverse needs and interests varying between people living in urban and more rural settings, between people distinguished by ethnicity or by other social or demographic factors. In the short term, such difference can generate seemingly insuperable conflicts. A longer term view, which emphasises common interests, future economic prosperity, environmental sustainability and a harmonious, secure community is more likely to overcome divisions and secure support for some of the more difficult, immediate decisions a council has to take.

5.9 The best authorities are already taking this longer term strategic approach to securing sustainable strategies that address the issues facing their communities. They are scenario-planning for the future, drawing on information about national and international trends as well as engaging with local partners and residents concerning their priorities and aspirations. They are using their community strategies as tools for engagement and working with local partners to articulate local ambitions and identify joint approaches to meeting future challenges.

### **Black Country Consortium**

The four local authorities of Dudley, Sandwell, Walsall and Wolverhampton are working together to counter the process of decline across their region and deliver lasting change. They were instrumental in setting up the Black Country Consortium to help engage the private sector and other public bodies in decisions which affect the whole community, and are jointly developing a Core Strategy which will provide a common set of strategic policies to be applied consistently across the whole of the Black Country.

The strategy will require significant investment by each local authority in the economy, town centres, housing, education, the environment and transport. The Black Country Study commissioned by the Consortium, sets out an ambitious long-term vision which has been agreed with over 150 civic and business leaders, community representatives, educationalists and young people. Their vision statement says:

*By 2033, we aim to make the Black Country a confident 'we can do it' place, where our skills, work ethic and diversity are key to our prosperity. The Black Country will be made up of a polycentric network of four centres – Wolverhampton, Walsall, West Bromwich and Brierley Hill/Merry Hill – each offering a distinct, wide range of shopping, leisure and cultural facilities, office employment and housing. A transport revolution will have taken place with our bus, Metro, rail and road networks making it easy to move around ... Our manufacturing companies will be prospering, at the cutting edge of technological innovation but our high quality environment – not our industrial legacy – will dominate the urban landscape... Our canal system, linking our communities together, means we are known as Britain's Venice... All Black Country citizens will have a deep sense of belonging and will be enabled to contribute actively to the social, economic and physical well-being of the area ...*

5.10 However, despite many strong examples of long-term planning, I have detected a sense that some local authorities have developed a tendency to wait and see where central government will go next, rather than setting out their own long-term strategic plans. In some cases this reflects political instability or other obstacles to making difficult decisions, but also insufficient confidence about the long-term budgetary position of the authority. Sometimes this is linked to too narrow a focus on service delivery rather than a wider strategic view of service provision within the locality.

5.11 I recognise that proposals have been made in the White Paper, *Strong and Prosperous Communities* for leaders with a four-year mandate to assist this shift to longer term thinking. I welcome this, but it will not be enough by itself to generate the change needed. I discuss the need for flexible models of leadership in Chapter 4, and local authorities need to find ways to manage their own governance which work locally. Clearly councils need to avoid a protracted, inward-looking debate about any change. Some may be concerned that less frequent elections will reduce the viability of local party political machinery by reducing the need for regular canvassing and campaigning. I would argue, however, that parties should anticipate this challenge and consider how they can motivate their supporters to engage with the electorate outside election time, participating in activities such as the identification and training of the councillors of the future to aid succession planning.

5.12 As I set out in Chapter 4, stable three-year funding and fewer specific grants will support the development of a long-term approach. This is largely a matter for central government, but local government also needs to recognise that too often it has been complicit in supporting initiative-based funding as a means of securing additional resources for their area – only then to complain about the lack of flexibility in its use, the burdens of accounting for it separately and its time limited nature. I hope that a reduced dependency by government on funding through these streams will enable local authorities to be more strategic. The incentives I identify in Chapter 9, which will enable councils to benefit from economic growth in their area, should also support the long-term approach.

5.13 I am also concerned that the performance and inspection framework should support a long-term approach, as I have already highlighted in Chapter 4. I believe that the new post-CPA performance framework signalled in the White Paper should consider the extent to which indicators measure longer term outcomes rather than simply short term impact. Councils, too, should focus their planning and performance management around these long-term outcomes and the ultimate public value of their activities, rather than solely concentrating on narrow output measures.

#### **Recommendation 5.1**

In their forward planning, local authorities should look further ahead than even the ten-year time frame of the community strategy and therefore should:

- make best use of intelligence and evidence of future demographic and other changes;
- take account of national and international trends and forecasts;
- engage local partners, businesses and residents in a debate about the long-term aspirations for the area; and
- focus their performance management on long-term outcomes.

## Leading communities and places

5.14 Leadership in local government is complex and I am convinced that there is no standard recipe for success. Councils as different as Kent, Camden, Tameside and High Peak have demonstrated they can provide strong local leadership, but do so in ways that are specific to their local circumstances. Leadership is also rarely just about a single leader; it is undertaken at several levels and by a variety of players – including individually by frontline councillors, council leaders and mayors, and collectively by the cabinet and the council as a body across the whole area and on behalf of the entire community. Good leadership extends far beyond the walls of the town hall. It involves harnessing the expertise and energy of diverse groups of local people, public and third sector partners and local businesses and engaging them as leaders in their own fields.

5.15 There are numerous theories of leadership, many derived from the business world. The IDeA Leadership Academy and the Leadership Centre for Local Government have done much to identify which aspects of leadership are most relevant to the local government context<sup>1</sup>. The Commission which established the Leadership Centre defined leadership as “creating and making happen what would not otherwise happen. Above all, it is getting significant new things done or improvements made.” This captures well the energy and dynamism that is required in providing leadership in the complex environment of local government. There is clearly a shift in the understanding of councillors’ leadership in the local government family from one of exercising that leadership principally through the formalities of decision-making in the council chamber to an approach based on coalition building and developing popular support outside the town hall among residents, partners and opinion formers.

5.16 Leadership of place is an inherently political role, involving the setting of clear priorities and making difficult choices, resolving conflict and balancing differing demands and views. The process of arbitrating between competing local interests tests community cohesion, so requires leaders to bring together an inclusive vision of ambitions for the future, persuading others to support a shared direction, and shifting public opinion as well as responding to it. It also involves effective engagement before decisions are taken, and communication to ensure that decisions have been well understood by those they affect. Local leaders have a key role in developing trust in local government and in local institutions generally.

5.17 Leadership also operates at an organisational level, through the actions of both elected members and senior managers, at a very local community level through the representative role and the actions of frontline councillors, and at a strategic level through partnerships and the convening role of local government.

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<sup>1</sup>Funded by the department for Communities and Local Government and formed following recommendations by the Leadership Development Commission (comprised of ODPM, the LGA, the Audit Commission, the IdeA, the Society of Local Authority Chief Executives (SOLACE), the Employers Organisation (EO), the Society of Personnel Officers (SOCPO), the Cabinet Office (OPSR) and HM Treasury) set up in 2002 to improve leadership within local government.

### Improving waste management in Mid Bedfordshire

In 2002, Mid Bedfordshire District Council identified recycling as both a major performance issue and a concern for local people (through a MORI survey). As well as putting capital investment into rolling out kerbside recycling and retendering all waste management with a 12 year contract, the leadership of the council realised that a more radical approach was required to deliver the required step-change in performance.

Research showed that the most effective way of increasing participation, driving up recycling percentages while minimising cost, would be to move to alternate weekly collection (AWC) of waste and recyclables, combined with the innovative use of split back vehicles for the collection of dry recyclables and garden waste to minimise the numbers of collection vehicles and crews required. This had some risks, since at that time only a small number of authorities had adopted AWC, many on a partial basis and with a couple having backtracked and returned to weekly collections following public dissatisfaction.

The Leader of the Council identified that, while the environmental and financial benefits of the AWC system were attractive, seeking to change the behaviour and expectations of 53,000 householders was a significant challenge.

The Leader set out her vision and all her tenacity and resilience was required to respond to intense political and public scrutiny of the proposals with waste management, rats and maggots becoming topics of conversation in parish councils and public houses. A vociferous minority of residents who opposed AWC sought to challenge the council at every opportunity and gained significant and disproportionate media coverage.

The Leader took a personal interest and personal responsibility for the communication of this change to residents. She maintained a single voice across the majority group despite different views and steered the proposals through the council's decision-making process. She took phone calls and answered letters from residents personally, sending a letter to all households, and delivered a post-implementation survey. She also made appearances in local media to put the case for AWC, emphasising the wider benefits to the community in terms of sustainability.

Post-implementation, surveys show that this leadership has shifted public attitudes, showing 84 per cent satisfaction with recycling. Performance has also improved markedly, with recycling increased to 20.2 per cent, composting to 9.35 per cent giving a total of 29.5 per cent against a statutory target of 18 per cent and a previous total of only 12 per cent. It is also estimated that this approach has saved the authority an initial £750,000 per annum and up to £12 million over the life of the new contract.

#### Providing political leadership

5.18 As with the rest of Britain's constitutional framework, local government structures have been created and adapted over the years in response to contemporary issues and circumstances. Leadership in local government has moved from appointed magistrates through various models of appointed and elected bodies. Complexity is nothing new, and through much of local government's history, leadership has had to be forged within a tangled patchwork of overlapping tiers of government. Successive local government Acts have sought to secure a local government system that combines effective service delivery with local leadership and accountability, but much of the complexity remains and local government continues to operate at different tiers and to co-exist with numerous appointed bodies. In particular, recent developments such as the development of New Deal for Communities, city academies and Foundation NHS Trusts have seemed to create new forms of local governance which can impact on the role of elected councillors and make accountability less clear.



5.19 I am convinced that structure is less important than the spirit in which it is implemented and the attitudes of those in leading roles, but I do welcome the recent focus on developing leadership in local government whether through structural change within councils or otherwise. My concern about the reforms of the Local Government Act 2000 is that it prompted councillors to focus too much on internal issues and neglect their outward facing, community engagement and leadership role.

5.20 Visibility of leadership is very important and a key component of accountability. Where people know who is in charge, they know whom to call to account. This is important in terms of public recognition, but also in building the personal networks and relationships with key local partners. If leading councillors, whatever the leadership model being used, adopt an outward looking approach, communicate and engage local people with energy and enthusiasm and also develop credibility with their partners, they can be excellent place-shapers, even where leadership is not focused on a single individual. A summary of these place-shaping behaviours, which apply as much to small localities as major cities, is set out below.

**Political leadership behaviours that support effective place-shaping include:**

- anticipating future challenges and opportunities for the local area;
- building coalitions and looking outside community boundaries for knowledge and collaboration;
- advocating powerfully on behalf of the local community with the credibility to negotiate across all sectors;
- arbitrating between competing local interests and supporting community cohesion, taking tough choices where necessary;
- listening to the views of local residents and stakeholders, being accessible and visible;
- communicating effectively with local residents and other stakeholders and building trust in local institutions;
- being open with information and ensuring transparency in decision making;
- demonstrating a high level of understanding of local issues and having a strong evidence base which shapes policy priorities;
- focusing on service performance for its impact on the community rather than to meet government requirements, looking outward rather than upward; and
- championing efficiency and service innovation – getting the best value from public expenditure and maximum impact from private investment in their area.

**Recommendation 5.2**

In reviewing their structures and leadership arrangements local authorities should focus on securing visible and accountable leadership with the capacity to take a long-term, outward-looking approach and build credible relationships with local partners.

**Managerial leadership** 5.21 In my May report, I emphasised political leadership as key to place-shaping. I should also stress the importance of managerial leadership. Research has identified that councils with CPA 'excellent' ratings had strong leadership, both political and managerial. The Tavistock Institute and Warwick Business School identified one of the preconditions for local government improvement

as “political ambition supported by professional excellence.”<sup>2</sup> High calibre managerial leadership also requires a high quality team of directors, not just a chief executive.

5.22 The consequences of the recent emphasis on strong managerial leadership has not always been fully thought through, however, with a risk that roles may overlap and that expectations may be confused. This may be especially the case where there are changes of political leadership. On the one hand, the convening role and role as head of service for thousands of staff requires a courageous leader who, with the other members of the corporate management team, has a profile and commands respect. Indeed, a glance at advertisements for chief executives in the local government media confirms this expectation. On the other hand, a chief executive should not be seen as a rival to, or usurper of, elected members as community leader, acquiring a public and media profile which consistently outstrips that of their leader or mayor.

5.23 This can be a very difficult balance to achieve:

*Only those who have had the privilege of managing in a political environment can know how exciting, exhilarating, exhausting and, at times, quite frightening it can be. Politics (with a small 'p') is an intrinsic part of management but 'politics' (with a big 'P') adds a whole different dimension to the job of managing. (Cheryl Miller, former President of the Society of Local Authority Chief Executives (SOLACE)).<sup>3</sup>*

5.24 Good chief executives should, however, be able to express their wider duty to the area's stakeholders by being able when necessary to challenge members to maintain an outward focus and strong ambition for improvement – for example, in a complex hung council. In an unstable environment, chief executives must also have the confidence and status to maintain separate dialogues with a range of partners, including with representatives of government departments as well as Government Offices.

5.25 One of the key roles of managerial leadership is to develop the organisation in terms of competencies, behaviours and understanding including the ability to build coalitions outside the organisation. I am convinced by Jim Collins's argument that the flywheel of public sector achievement is the development of “brand reputation – built upon tangible results and emotional share of heart – so that potential supporters believe not only in your mission, but in your capacity to deliver on that mission.”<sup>4</sup> Again, I feel strongly that facilitating this role of local government is not a matter of legislation or formal frameworks, it is primarily a question of behaviours. The next box sets out the managerial behaviours which I think best support councils' place-shaping role.

<sup>2</sup> The Tavistock Institute and Warwick Business School for the LGA *Beyond Competence: Driving Local Government Improvement* 2005.

<sup>3</sup> Foreword to the report of the SOLACE Commission on Managing in a Political Environment 2005.

<sup>4</sup> Good to Great and the Social Sectors: A Monograph to Accompany Good to Great, Collins, J. 2006.



**Managerial leadership behaviours that support effective place-shaping include:**

- negotiating roles, remits and boundaries with the political leadership;
- understanding and demonstrating genuine enthusiasm for the full scope of place-shaping and its tensions;
- supporting elected decision-makers with the ability to recognise the need to invest in purposeful engagement and challenge which helps to underpin the elected role rather than displacing or subverting it;
- supporting councillors in their frontline role and developing structures and processes for effective public engagement;
- negotiating room to manage the resources of the organisation, especially to commission external resources where necessary and to deal with staffing issues, including having a strong voice in all top level appointments;
- achieving visibility to staff and to partners as part of the nexus of community leadership, personally capable of reinforcing the links with other public bodies and the private sector;
- articulating an emphasis on knowledge and evidence, efficiency and professional expertise in preparing the council for its 'primus inter pares' role; and
- questioning the performance and ambition of the organisation, acting as a champion for value for money and ensuring that the council is able to challenge itself.

**Convening** 5.26 Effective local leadership is not simply a question of getting the political management arrangements right. It is also about the ability of the council, collectively, to exercise leadership of the whole community, creating a shared agenda that recognises the roles that different partners can play in bringing it to life. As with wider political leadership, convening requires local government to be able to identify a direction of travel, articulate a sense of the future and enthuse others to be part of a common mission.

5.27 This role, too, has been a major focus of change and improvement in recent years, although, as noted in Chapter 4, progress has been variable. Many local authorities have grasped the opportunities offered by Local Strategic Partnerships (LSPs), local public service agreements and, more recently, Local Area Agreements, to take significant steps in developing the convening role and the skills and behaviours which make this effective.

5.28 However, despite the very significant progress that has been made by many local authorities in their convening role, I believe that local government still has further to go and I set out here a series of criteria for successful partnerships.

**Strong partnerships have:**

- a good strategic capacity;
- a clear understanding of their role and purpose;
- shared goals;
- effective sharing of information and data;
- inclusive and relevant membership;
- a focus on external impact rather than internal processes; and
- partners with mutual trust, willing to put aside their own interests to focus on the wider interests of the partnership.

5.29 I believe that, as yet, too few existing partnerships meet these tests. In addition, elected members need to be better equipped to participate in and lead partnerships.<sup>5</sup> Local government needs to work with local partners to ensure that partnership structures are fit for purpose. Many are legacies of past initiatives and in some areas there is a proliferation of partnerships with overlaps and duplications. This often makes poor use of partners' time and undermines coherence in partnership working. In many areas a rationalisation of existing partnerships with greater clarity about links to key strategic bodies such as the LSP would ensure more effective working.

**Recommendation 5.3**

Local authorities need to take the lead in ensuring local partnership structures are fit for purpose, streamlining and reducing the number of bodies and groups where necessary, ensuring that the structures are genuinely local in character and meet the criteria outlined above.

5.30 The most effective local leadership makes a virtue of the fact that councils have several roles to play at once: balancing the role of community strategist and visionary with that of champion of the local community and scrutineer of partner agencies, while having a particular interest as one of the area's key service providers. Embracing and enhancing the convening role also involves a recognition on the part of local government of the importance of influencing outcomes in services which are being directly delivered by others. This form of leadership requires a consensual approach, new skills and strong, shared knowledge and understanding of local needs and priorities. It is principally a matter of building broad coalitions and consensus about the direction of travel for an area, reaching out to citizens, partners, businesses and stakeholders from within and beyond the geographical boundary and being open to the contribution of others, valuing their expertise. Too often key partners find local government tending to confuse leadership with dominance, where partners feel that their views are not sufficiently valued.

5.31 Good leadership for prosperity, as part of economic place-shaping is particularly challenging and complex, since it requires work with partners and independent organisations including private businesses at a regional, national or even international level. The council has to have the leadership and influencing skills to assert the interests of its residents, while having the credibility to be taken seriously as a negotiating partner.

<sup>5</sup> Joseph Rowntree Foundation, *New roles for old: local authority members and partnership working*, 2002.

### Cumbria County Council leading the recovery programme following the Foot and Mouth outbreak.

In March 2001, England was hit by an outbreak of foot-and-mouth disease (FMD). The worst affected county in the UK was Cumbria. Cumbria County Council led the area's recovery strategy. They set up and chaired an FMD taskforce from early on in the crisis, bringing together key stakeholders from the public, private and voluntary sectors to provide a collective voice for the county.

The Council established a Rural Action Zone (RAZ). To help members of the public follow the progress of the initiative, Cumbria RAZ produced a monthly newsletter, the first of which saw 2,000 distributed to individuals and organisations. The 'First Steps' strategy involved implementing short-term measures – allocating £500,000 to provide immediate support to community led projects tackling social, environmental and economic recovery. The 'Next Steps' strategy went on to set out a programme for maximising the use of existing rural regeneration programmes, as well as harnessing increased external resources. The council secured a £42 million rural recovery programme in Cumbria from the North West Development Agency for the period 2003–2008 and established a new independent company – Rural Regeneration Cumbria – to manage the programme from April 2003.

The Council led a Cumbria FMD Inquiry, published in September 2002. This included far-reaching proposals. Secretary of State for the Environment, Food and Rural Affairs, Margaret Beckett commented “the thinking behind these imaginative ideas has been welcomed by the Government ... we'll be seeking to assist their successful implementation.”

Cumbria County Council Leader Rex Toft commented:

*Securing so much money to boost the rural economy in Cumbria is significant as it's the largest grant of its kind ever to be given. This funding will be spread over a five year period and will have a tremendous impact on the worst affected areas. It will help to broaden the economic base of rural Cumbria as well as benefiting the agriculture and agricultural support industries and contribute towards strengthening Cumbria's tourism industry.*

Cumbria County Council continue to lead on the rural regeneration of Cumbria in partnership with Rural Regeneration Cumbria and, since 1 September 2006, Cumbria Vision. Over the past four years 1,000 new jobs have been created and many hundreds of others safeguarded.

#### Recommendation 5.4

Local authorities need to adopt a leadership style that engages local partners, builds alliances and secures support for delivering joint priorities. It should facilitate, advocate, arbitrate and influence rather than dominate.

#### Making two-tier local government work

5.32 While the 'pathfinder' programme instigated following the Local Government White Paper appears to have attracted a number of proposals to move towards unitary status, it is important to recognise here the value of good two-tier local government.<sup>6</sup> At the same time as the virtues claimed for unitary government are expounded, many urban areas are trying to find ways of getting the right balance between local and city-wide governance. Voluntary two-tier arrangements are being formed and councils are exploring area and neighbourhood dimensions to governance. Furthermore, the examples of local government elsewhere in Europe and beyond – which are often offered as good examples, are frequently multi-tiered. Two-tier local government has a future and

<sup>6</sup> Invitations to councils in England to make proposals for future unitary structure and to pioneer, as pathfinders, new two-tier models, CLG 2006.

a key aspect of the convening role is the challenge for those tiers to work productively together, as 'pathfinders' or otherwise.

5.33 It is self-evident that, alongside the development of a new relationship between central and local government, there should be an improved partnership between tiers. In the best county-wide partnerships, time and effort are invested in building strong relationships and an understanding of different perspectives as well as the investment in joint governance arrangements for LSPs. These are most effective when they have an outward focus, making the most of the frontline engagement of the districts and viewing all as equal partners rather than a hierarchy. I have seen good examples of place-shaping at district and county level and am convinced that this is not the sole prerogative of any one type of council.

#### **The Cambrian Visitor Centre – place-shaping in Shropshire**

During the 1960s, the Cambrian Railway in Shropshire fell into disuse. The former railway station, the headquarters of the Cambrian Railway Company in the town of Oswestry, gradually decayed over three decades. This dilapidated building provided a harsh first impression of Oswestry for anyone visiting the district.

The Community strategy for Oswestry, led by the Council, identified the Old Station building as key to regeneration. In 2002, Oswestry Borough Council began consultation with its partners, Advantage West Midlands, Oswestry Borderlands Tourism, Cambrian Railway Society, Cambrian Railway Trust and Oswestry Town Council on how they could regenerate the former headquarters.

The consultation had several aims: to investigate how the area could achieve economic regeneration and to look at the strengths and identity of the past and build them into the new regeneration programme. The Council also wanted to identify gaps in business accommodation for the town, to maximise the availability of high quality produce and local craftsmanship, to ensure appropriate visitor infrastructure and to support the voluntary sector to develop a sustainable social enterprise.

Oswestry Borough Council secured funding from Advantage West Midlands Rural Regeneration Zone, Objective II European Regional Development Fund, the Market Town Initiative, Shropshire Tourism Action Plan, Heritage Lottery Fund and the Townscape Heritage Initiative, amounting to £2.1 million to renovate the building. The funding secured the building, now managed through a charitable trust, and allowed the Council to create the Cambrian Visitor Centre, an informative and interactive craft and visitor area, together with a modern Tourist Information Centre, and 'Porters Fine Food,' a restaurant utilising local produce. The upper floors have been converted into high quality office accommodation and are now home to a number of high profile technology and media companies.

The project has truly met its aims and objectives; a major building in the town has been restored to economic use creating a sense of place for the area. Above all, it has restored a sense of pride to the people of Oswestry who are proud to see this once dilapidated, significant landmark restored to its former glory. The building was recently awarded joint first place in the National Heritage Railway Awards sponsored by Network Rail.

5.34 From the perspective of the public, it is important that they receive a seamless service and do not have to work through the complexities of individual responsibilities in order to access public services. In practice, this can involve establishing a single access channel as well as remodelling service delivery around the user, making 'joins' invisible.

**To achieve effective two-tier working, councils should ensure:**

- a shared agenda across councils in both tiers but with room for preservation of local identities and differing priorities;
- a common understanding of respective roles and responsibilities, without 'turf wars';
- strong leadership of place, at different levels, with different partners taking the lead at different times;
- a sense of accountability which accepts shared responsibility, without any blame culture, with the ability to make difficult decisions and tough choices, for example about resource allocation;
- governance and service provision designed to support effective external partnerships, with issues being discussed at the right tier;
- easily accessible service provision which is fully transparent to users and utilises shared, locality-based access channels; and
- efficient operations in both front and back office, avoiding duplication and accepting that savings may accrue in a different tier to where the action (and even initial investment) is undertaken.

**Leading neighbourhoods and parishes**

5.35 Many parish and town councils thrive, contributing to place-shaping and some non-parished areas have developed successful neighbourhood arrangements. I argue elsewhere in this report that devolution to local government can improve efficiency. A progression of this argument suggests that, for some services, even more local management arrangements and devolution of decision making may help to deliver more efficient use of resources, in terms of meeting need in a more targeted way and harnessing co-production to engage users in delivering services in a way which works best for them. This is particularly the case in services related to 'liveability'.

5.36 Past experience of local councils in developing neighbourhood or local area governance arrangements is, however, mixed and brings risks with it. While strongly identifying the benefits of localisation, a recent report by the Young Foundation notes:

*Community control over finances, services and assets brings with it the threats of fragmentation, mismanagement of public goods, the politicisation of neighbourhood issues, and the potential for localised power to create or exaggerate community divisions.<sup>7</sup>*

5.37 In the light of these risks but also the benefits of neighbourhood governance, I believe that if councils have more flexibility to act and greater space to reflect local choices in their place-shaping activities, they are more likely to respond productively to bottom up-pressure. This should help to improve the incentives for developing new neighbourhood arrangements, working with them and devolving decision making where appropriate. Conversations with communities about their needs are more likely to lead to action where the council has the discretion to act, space to reflect on the best solution for local people and a clear focus on the local community, rather than central government, as the primary customer.

5.38 Effective neighbourhood working is also partly a matter of style and behaviour. Using models of neighbourhood governance which include participatory democracy involves taking further steps towards accepting a strategic leadership role where at least as much is achieved through influence as through direction. Effective place-shaping councils are more likely to recognise the value to be gained through devolving decision making to neighbourhoods or areas better placed to deliver the community's strategic goals, having the confidence, in some circumstances, to 'let go'.

<sup>7</sup> The Young Foundation, *Managing the Risks of Neighbourhood Governance*, 2006.

5.39 There is no fixed prescription for effective accountability at neighbourhood level. There are numerous different models and, despite the work of the Young Foundation and others, still not enough evidence on what works.

#### Wakefield: developing new neighbourhood engagement and governance models

As part of the Wakefield Local Area Agreement – ‘Families and Neighbourhoods’, the Council is rolling out three Neighbourhood Management pilots with its partners.

The pilots form an integral part of the LAA, not just in terms of the development of neighbourhood level service delivery and governance models, but also in terms of the wider LAA outcomes framework and in achieving its associated outcomes and targets. The pilots are also one of the projects being used to put into practice the broader place-shaping community strategy for the district – ‘Knowledge Communities’. The Knowledge Communities approach supports local people sharing information and developing shared solutions to local problems, both to increase local quality of life and to allow communities to shape their own destinies.

Each neighbourhood has its own model for governance and engagement. This ensures that the Council and partners take advantage of the opportunity to identify good practice on the ground and test out new approaches.

The three models being deployed in Wakefield are:

‘**Community Leadership**’ – this entails strengthening the roles and responsibilities of currently elected representatives, in particular Local Ward Councillors. Local members are working with communities and their representatives through neighbourhood forums, to identify local needs and desires, and influence services and partners to achieve desired outcomes;

‘**Collective Governance**’ – this approach establishes new representative neighbourhood bodies and partnerships to influence and deliver services, including through the formation of new delivery organisations. The approach builds on existing community capacity and groups, especially in the voluntary and community sectors, and seeks to broaden the base of neighbourhood community activists; and

‘**Realtime Democracy**’ – this approach seeks to involve local people in day-to-day decisions about their neighbourhood and services using different methods that go beyond the traditional meetings-based approach. The approach is being supported by the innovative and wide scale use of new technology, e.g. telephones, text voting, digital video production (‘citizen journalism’), as well as more traditional engagement and communication mechanisms, e.g. bulletin boards, neighbourhood newsletters, citizen forums and staggered voting.

The Wakefield approach is not exclusive, but is identifying what works, be it modern or traditional, and assessing which approaches can be effectively employed on a larger scale.

#### Recommendation 5.5

Local authorities need to identify where they can make space for neighbourhood or parish activity, particularly to address liveability issues, and to encourage participation and innovation.

#### Building leadership capacity

5.40 The extent of the local leadership challenge I have set out above demands a complex mix of skills and competencies from both elected members and senior officers. The Improvement and Development Agency (IDeA) and the Leadership Centre for Local Government have undertaken excellent work with local government to develop the skills of local government so they can more effectively deliver their local leadership and convening role. However, as I argued in my May



report, I believe that there remains a need for councils, and for organisations that represent and support local government, to develop the personal leadership skills within authorities, along with raising the accountability and visibility of leaders, mayors and frontline councillors.

5.41 The current provision for improvement and development support in local government is overly complex and not sufficiently demand-led and thus there is a risk of confusion amongst councils about who does what and where to seek the most appropriate support. The combined resources allocated to supporting and driving improvements in local government is significant – more than £1.6 billion over three years from 2005 to 2008.<sup>8</sup> Although much of this work is undoubtedly having an impact, local government collectively needs to review regularly whether it is achieving maximum value from this important resource. It is also important to look beyond the local government community, to what local government can learn from the business and third sectors, through initiatives like Common Purpose.<sup>9</sup>

5.42 I am convinced that local government collectively, through the Local Government Association (LGA) and its partners, needs to take responsibility for its own improvement and ensure that maximum value is being secured from the resources, including those in IDEa, and CLG available to support it. While the work by these organisations is vital in developing local government leadership, I believe that a fundamental shift in the balance between central and local government will be most important in delivering change. If local government works effectively to recover public trust and a stronger sense of powerfulness, and central government becomes clearer in its recognition of the contribution councils should be making to well-being, I am convinced that a wider range of people will be willing to contribute to local leadership.

**Local  
government's  
national voice**

5.43 The leadership challenge in local government is primarily about councils gaining the confidence and sense of power to speak for their local communities, but there is also a need for the local government community to be represented and led nationally. The development of the LGA in 1997 significantly strengthened local government's national voice and there has been important progress in recent years through approaches such as the central – local partnership, to generate a more equal relationship between local and central government. Nonetheless, local government still finds it difficult – particularly in the public's perception – to be regarded as having sufficient stature in many debates with central government.

5.44 While the debate with central government is important, I believe that the LGA is making positive progress in seeking to move away from the continual negotiation and wrangling with the machinery of central government. Instead, it is beginning to embrace more strongly its key role of communicating with the public about local government, its value, its challenges and its successes. To lead this public debate, it needs to ensure it makes best use of good quality and timely research. As part of the process of building confidence in local government, it must also lead the sector in developing its own benchmarks for good practice. Rather than looking for a national badge of recognition, local government should be able to identify its own 'reference sites', with the LGA perhaps developing the capacity to make testing judgements about local authority performance. I welcome the LGA's review of its role and relationships through the Best Commission.<sup>10</sup> The LGA is likely to have a critical role in reshaping local government and developing the relationship between local government and central government, particularly in terms of its work with partners to provide leadership and challenge underperforming councils, alongside contributing to debate on major policy issues of the day.

<sup>8</sup> CLG (unpublished) *Vfn Review of Programmes Aimed at Incentivising Improvements in Service Delivery and at Capacity Building*, 2006.

<sup>9</sup> Common Purpose run educational programmes and activities for leaders of all ages, sectors and backgrounds <http://www.commonpurpose.org.uk>

<sup>10</sup> Established by the LGA in September 2006, but working independently.

5.45 Regional partnerships between councils are also becoming more dynamic and successful in increasing voice and co-ordination. A good example is the Association of Greater Manchester Authorities where councils of different political complexion work together successfully in joint bidding and in procurement.

#### Recommendation 5.6

The LGA should continue the development of its work with partners to provide leadership to local government and to challenge underperforming councils as well as continuing to strengthen its performance in contributing to debate on major policy issues and improving its communication with the public.

**The democratic framework** 5.46 The Local Government White Paper proposals will make it easier for local authorities to opt for four-yearly all-out elections and I welcome this. I am mindful of the Electoral Commission's research findings that indicate high levels of public confusion about partial elections. All-out elections would allow more concerted campaigning on voter registration and voting, help to promote the profile of local elections and make the local election process more transparent. While I understand that more frequent elections are valued in some authorities for historical and other reasons, the gains to be made in terms of more visible and strategic leadership under a four year mandate are great enough to make this change attractive for many local authorities.

5.47 I am also pleased to see that the White Paper proposes to enable local authorities to ask the Electoral Commission to review the warding of their area, to move to single member wards. There is a need to balance carefully the benefits of single member wards in terms of greater transparency of local leadership with the potential for less representation. Given this trade-off, I would strongly support the Electoral Commission being very explicit that, when embarking on a review of this kind, it requires councils to make evidence-based proposals on the basis of a full and meaningful debate with the public on how they should be represented.

**The role of political parties** 5.48 I believe there is also an important role for political parties in contributing to reform. As I identified in Chapter 2, patterns of political engagement have changed and continue to do so. Traditional party membership has declined while willingness to be involved in single issue campaigning has increased. Perhaps one of the most striking messages I received from many councillors, including at the councillor engagement events I held across the country, was an acknowledgement that political parties need to change if local government is to rise to the place-shaping challenge since this depends so heavily on the calibre and commitment of councillors. As one attendee put it: "All political parties should have a much more rigorous system in their sorting of candidate panels to promote quality of candidates". Public confidence in councils will only be reclaimed over time and will be dependent on the ability of local government to deliver results, to build a local profile and to connect with their communities and local partners in the pursuit of a shared vision and common objectives.

5.49 A recent Leadership Centre survey found that 62 per cent of chief executives and 48 per cent of leaders thought that attracting high calibre candidates for political office was their top priority in developing leadership capacity.<sup>11</sup> The performance (real and perceived) of local councillors needs to be improved, as does the extent to which they reflect the diversity of the communities they seek to represent, and the major onus here is on political parties to improve their recruitment practices.

<sup>11</sup> Leadership Centre, *Chief Executives – Leaders: What You Really Think*, 2005.

5.50 In order to improve the calibre and performance of councillors, parties need to be prepared to attract a wider pool of potential candidates from which to select and train in advance of elections, including considering people who do not necessarily wish to sign up to an entire political programme. At my councillor engagement events, some councillors argued (along the lines suggested by some local government commentators) for political parties to operate a much more open recruitment process with systematic talent scouting amongst both members and supporters alongside active support to encourage under-represented groups to put themselves forward for selection.<sup>12</sup> Parties could even consider the approaches used by the voluntary sector to recruit non-executive directors, for example that used by the charity Crisis, using executive search techniques to seek out talent for closely defined roles. I welcome the work which Dame Jane Roberts' Commission will be undertaking to examine these issues.<sup>13</sup>

**Recommendation 5.7**

Political parties should refresh their approach to recruiting local councillors, actively seeking out talent and reaching out beyond their traditional activist base.

5.51 I also believe that there needs to be much greater clarity about expectations and the time commitment involved in being a councillor (and greater discipline about how members' time is used). This should, as a minimum, include clear job descriptions and a thorough induction process. There are some useful examples here from recruitment to public bodies. For example, there may be some lessons to be learnt from the NHS non-executive director model, where there is greater clarity about the role and commitment expected of directors and a regular evaluation of performance.

5.52 The case for greater performance pressures on councillors is strong. The basic legal criterion for retaining the position of councillor is attendance at a council meeting once every six months. While this hardly provides transparency about what councillors do or accountability for their activity levels, I do not think that the answer lies in making the formal criteria more stringent. I support the use of qualitative criteria such as those set out in the IDeA's Political Skills Framework.<sup>14</sup> The pressure to meet these criteria should come from the political groups, with support from officers and national bodies. Some party group leaders within councils are already working on developing far clearer job descriptions and objectives for members of their executive and are carrying out appraisal-style reviews of performance either with individual members or collectively as an executive. Some are also looking beyond the executive to a self-evaluation of the performance of the group as a whole, learning from the approach now used on most company boards, informed by the Higgs Review.<sup>15</sup> This form of self-review and evaluation demonstrates a commitment to challenge performance and to the continuing development of members' skills. It would be useful, however, if the tools used in any one council could be developed and agreed on a cross-party basis.

<sup>12</sup> Wheeler, P., Joseph Rowntree Foundation, *Political Recruitment: How Local Parties Recruit Councillors*, 2006.

<sup>13</sup> Councillors Commission announced by CLG Secretary of State, Ruth Kelly on 8 February 2007 to look at what barriers are preventing everyday people from becoming councillors and what steps can be taken to get more people involved, to be chaired by Dr Jane Roberts, DBE.

<sup>14</sup> Silvester, Prof. J 'Political Skills Framework' with the Work Psychology Foundation for the IDeA available at [www.idea-knowledge.gov.uk](http://www.idea-knowledge.gov.uk)

<sup>15</sup> Higgs Review: *An Independent Review Into the Role and Effectiveness of Non-executive Company Directors*, 2003.

5.53 I also take the view that accountability can be enhanced by, as many councils do, producing information about councillors' attendance at meetings. I commend the practice of some party groups in requiring councillors to place regular reports of their activity on the council's website as a means of getting their members to focus on their effectiveness and holding them more widely to account for their performance. A number of councils are well-developed in this approach which also reinforces public engagement. For example in Luton, Tameside and Stockport every councillor produces an annual report which is then published on the council's website.

#### Recommendation 5.8

Political groups, mainly at local level, but supported at national level, should place stronger performance management pressures on councillors, including performance appraisal and mechanisms to provide the public with information about their activities.

5.54 Political groups should also reflect on how they are organised and should consider how to reach the right balance between enforcing the party whip and allowing councillors to represent local issues. This is very difficult where a council has a fine political balance. While the party system has many obvious strengths, automatic adherence to a party line can undermine councillor credibility with ward constituents and discourages many, in this individualistic age, from coming forward to be a councillor in the first place. At my councillor engagement events, some councillors were asking for more freedom to pursue ward issues, even if it sometimes conflicted with party views, arguing that this would make the role of councillor far more attractive. As one argued: "Party politics makes my job as a councillor very frustrating – national party policies have little relevance to issues in my ward". Perception is important, and Ipsos MORI found that only 25 per cent of people surveyed believed that in general councillors put the interests of their local area first compared with 32 per cent believing that they put the interests of their party first.<sup>16</sup> Councillors told me that their constituents and potential future councillors found 'political bickering' off-putting and they saw the value of good cross-party working complementing strong party working: "we should have the local relationships to focus on ambition and delivery rather than process".<sup>17</sup> This suggests that greater freedom for councillors might help to improve recruitment and retention.

#### Recommendation 5.9

All political groups should:

- organise themselves so that all councillors feel valued;
- consider giving ward members more freedom, limiting whipping to a narrower range of decisions and employing more flexible processes for group discipline; and
- develop skills in cross-party working.

### Developing the role of frontline councillors

5.55 My May report emphasised that the reforms to political management arrangements introduced by the Local Government Act 2000 gave insufficient attention to the frontline role of councillors. The frontline role is one of the keys to effective engagement with the local community and one which receives insufficient attention and support. It is important to emphasise that I do not just mean non-executive councillors here, I mean all (including executive) councillors in their

<sup>16</sup> Ipsos MORI, for the Standards Board for England, *Public Perception of Ethics*, 2005.

<sup>17</sup> At Councillor engagement events – Report on councillor engagement events – Lyons Inquiry, 2006.

role of engaging with the public to research opinion, test options and explain decisions. Clearly, whether or not a councillor is a member of the executive or not will influence the way they carry out this task – but it remains an important role for all councillors. I believe that the White Paper and Local Government Bill provide an opportunity for all councils to reflect on how they can encourage their members to be outward facing and on how the balance of working time can be shifted towards engagement with the community.

5.56 I believe there is a role for the local government family, including the LGA, Local Government Information Unit and IDeA, to develop new models for frontline councillor working. Local government itself should be more innovative, experimenting with redefining the frontline councillor role, developing new forums for engagement with citizens, empowering them to influence or make decisions locally, and developing scrutiny to ensure input on longer term strategic issues. This will involve making the best of new provisions such as the community call for action and considering individual ward councillor budgets. It is also likely to include consideration of how the time of councillors is best spent and some rationalisation of existing time commitments.

5.57 Local government must also work to support councillors in their frontline role, providing administrative and IT support. Above all, councils should ensure that each frontline councillor has the information they need to do their job. They must also have clear channels to influence policy decisions. Again there are many examples of effective practice within local government, but I am concerned that this role is often undervalued and that too often councils are overly cautious about supporting councillors in their frontline role, fearing that this is too close to their party political role. There are tensions and risks here, but there are also real benefits from supporting councillors in their public engagement role, encouraging them to be more effective in the communities they represent and particularly in supporting more effective two-way communication with their constituents.<sup>18</sup>

#### **Ward councillor information in Westminster**

Westminster City Council has identified greater access to information as a significant factor in empowering ward councillors – not in the legal sense, but in terms of convenience. Too often, ward councillors have heard of matters that will affect their wards too late in the process. The council has, therefore, set up and is about to launch an 'online neighbourhood information grid', targeted primarily at councillors and accessible by them. Information on planning, highways and other initiatives is accessible by ward in a graphical format, with scope for further development, including information sharing with partners.

5.58 In developing more localised arrangements for management and decision-making, the role of individual councillors is absolutely crucial and must be part of the equation from the beginning. I do believe, as suggested in the White Paper, that it is good practice for local authorities to provide individual councillors with budgets and devolved powers where appropriate. This also has the potential to support councillors in their engagement with local people. For example, a ward councillor's ability to direct funding towards improvements to a local community hall could help to generate resident participation in wider discussions about the regeneration of the area.

<sup>18</sup> Gardiner, T., Joseph Rowntree Foundation, *Frontline Councillors and Decision Making: Broadening their involvement*, March 2006.

### Staffordshire County Council's Local Members Initiative Scheme (LMIS)

The LMIS gives each of Staffordshire's county councillors a maximum of £10,000 to spend on a project or projects in their constituency, based on applications from community groups or organisations in consultation with the community. The £10,000 is specifically earmarked for the promotion of the well-being of those people who live in that part of the county. County Councillors can also choose to team up to spend their allocations on joint projects.

The scheme has a number of criteria:

- that the proposal supports one or more of the County Council's corporate and service priorities;
- that the expenditure is lawful and will be properly allocated;
- that the proposal does not conflict with the county council's policies; and
- that it does not lead to a financial commitment into future years.

The maximum annual LMIS allocation for each county councillor is £10,000.

All proposals for funding, although put forward by councillors, have to be approved by Staffordshire County Council's Cabinet.

Since LMIS began in 2001 more than a million pounds has been spent through this scheme, helping around 1,600 projects across Staffordshire, including Community First Responder schemes, churches and vulnerable young people.

*This is a scheme that is aimed at giving everyone living in communities across the county a say in how together we can enhance their local community. LMIS plugs local members directly into community organisations and is a fantastic way for people to deal directly with their county councillor. People comment that LMIS is the most effective and least bureaucratic way of getting resources for local initiatives and recognise that their county council is their champion. (County Council Leader Terry Dix).*

#### Recommendation 5.10

Every council should improve the support it provides councillors in their frontline role by:

- ensuring that they have the information they need to do their job effectively;
- putting in place role descriptions, training and development specifically for the ward member role as part of a wider commitment to member development;
- ensuring that support for elected members in their community leadership role is properly thought through, given sufficient priority in the work of the council and is resourced appropriately, with full use being made of IT;
- considering the use of individual ward member budgets but assessing what works best in local circumstances; and
- ensuring clear routes for frontline councillors to influence policy decisions.

## IMPROVING LOCAL ACCOUNTABILITY

5.59 While local government's status as a body chosen by the community gives it a special mandate to speak and act in the interests of the community, I argued in Chapter 2 that councils need to go further, beyond elections, to seek an ongoing mandate. Changing expectations about the accountability of government mean that councils need to earn the confidence of local people: that they are responsive to their views and that they understand their needs and priorities. To do



this, they need to develop forms of accountability which refresh their council's knowledge of local issues and provide ongoing public input. I believe that for local government to be credible in the new, wider place-shaping role, it must develop much stronger accountability to local people and partners.

5.60 The White Paper makes clear that central government expects that a shift in powers and flexibility to local authorities must be accompanied by greater local accountability and I support this 'deal'. Local government can go a long way to improve its accountability to local people within the current framework and has no need to await further legislation.

#### Developing social capital

5.61 It is important to remind ourselves why accountability is so important. In Chapter 2, I identified local government's role in developing social capital, both bonding capital within communities and bridging capital between communities. As part of local leadership, the best councils already ensure they have a knowledge and understanding of levels of social capital in their area and take responsibility for increasing those levels. The London Borough of Camden's work with the Institute of Public Policy Research (IPPR) has shown that a local authority can monitor levels of social capital using proxy indicators and data that many local authorities collect already.<sup>19</sup> It has also shown the ways that a council can develop social capital:

- through service delivery which promotes social capital, involving and engaging people themselves and bringing different communities together;
- through the information which the council gives out via elected members and staff, plus through its publicity, publications and campaigning;
- by engendering public debate on issues in a way that improves understanding, promotes cohesion rather than division (particularly where difficult decisions are being taken) and makes people feel positive about getting involved; and
- by recognising that the council, even in partnership with other agencies, is not an all-powerful service provider which can solve every problem. Many solutions require 'co-production', the contribution of citizens themselves.

5.62 There is also an increasing realisation that councils are in the best position to create the climate where citizens can debate among themselves and with partners how they may need to change, accept constraints and contribute to prioritisation – for example to tackle a high death rate from coronary heart disease. This approach is more likely to result in changes in behaviour than a more top-down approach.

#### Improving information to the public

5.63 One key way of improving engagement and developing social capital is through improving information. The Ipsos MORI evidence on public attitudes to local government consistently shows higher levels of satisfaction where people feel that they are kept informed. Among residents of 150 upper-tier councils, 89 per cent of those who regarded themselves as well-informed by their council were satisfied with the way it runs things, while only 23 per cent of those who felt completely uninformed were satisfied.<sup>20</sup> Good information can also enhance trust. People respond especially well to regular feedback informing them how their views have been taken into account.

5.64 The White Paper rightly emphasises the importance of informing the public on service standards, on the council's plans and on its achievements.

<sup>19</sup> IPPR and LB Camden. *Sticking Together – Social Capital and Local Government – the results and implications of the Camden social capital surveys 2002 and 2005, 2006.*

<sup>20</sup> Ipsos MORI, *Best Value User Satisfaction Surveys 2006, General Survey: initial topline report for single and upper-tier local authorities*, CLG, 2007.

5.65 I was pleased to see in my case studies and in my councillor engagement work that most councils who participated were strongly committed to informing the public and understood the value of doing this well. Many have regular newspapers, magazines or newsletters and have worked to improve their websites. Councils across the country have signed up to the LGA's Reputation Campaign, which is working to tackle councils' credibility gap. Informing the public is not the same as engaging the public, but it is an absolute prerequisite to it.

#### Recommendation 5.11

The main steps forward which councils still need to take in informing the public are:

- working with partners across the LSP to present a common set of key messages for the area;
- identifying through research and customer feedback what really works in reaching the public and focusing resources on those channels; and
- using new channels to target particular groups in the population, especially young people, with relevant messages in an imaginative and entrepreneurial way.

#### Improving public engagement

5.66 I believe that local government's ability to engage local people lies at the heart of its place-shaping role. If local government is to act in the interests of its community, influence its partners and respond to local priorities, it must build stronger engagement with its citizens as the foundation for place-shaping.

5.67 Many of the democratic and structural changes discussed in Chapter 4 require action by central government. However, local government can also go a long way to improve its engagement of local citizens and must demonstrate it can embrace this challenge. Ipsos MORI research shows us that most people do not want to spend time in wider political debates about their locality, with consistently less than five per cent of the population taking part in political campaigns of any kind.<sup>21</sup> They do, however, want to know to whom they should go if they have a complaint or concern, and they do want to be clear about who is responsible for making decisions – and when they do raise something they want feedback. Research shows that there is a strong correlation between the extent to which people perceive that there are opportunities for participation and their satisfaction with their council.<sup>22</sup>

5.68 There is strong evidence of innovation by local government in public engagement and of increasing use of a range of engagement tools to involve geographically defined groups or communities of interest in:

- developing services of which they are recipients, for example involving older people in developing and tailoring the 'meals on wheels' service;
- representing a particular hard-to-reach group's views, for example establishing a youth parliament;
- developing policy or strategy, for example through participatory budgeting; and
- problem solving at a local level and tasking local services, for example addressing community safety at a very local level through Safer Neighbourhood Teams.

<sup>21</sup> Ipsos MORI; *Analysis of Socio-political Activism – 1996-2006*, 2006.

<sup>22</sup> Ipsos MORI; *Best Value Performance Indicators 2006 (70 district, county and single tier authorities)*, 2007.

### Innovative engagement with citizens

One mechanism being piloted to enable councils to better engage with their citizens is the participatory budgeting process, first developed in Porto Alegre in Brazil in the 1980s. Its core purpose is to involve citizens and local communities in decision-making processes around the local authority budget every year. Priorities for spending a proportion of the mainstream budget are identified through a structured and timely dialogue between the council and its citizens. Key to its success is devolution of an element of the budget to neighbourhoods so that service delivery and spending decisions are influenced and shaped by local needs. The Power Inquiry research report *Beyond the Ballot*, issued in May 2005, concluded that participatory budgeting had particular resonance for the UK.

In England, participatory budgeting projects are being delivered by Church Action on Poverty and the Community Pride Initiative, with the active support of Oxfam's UK Poverty Programme. Other organisations have also worked with councils to carry out tailored public budget consultation work. Ipsos MORI's work with Oxfordshire County Council is one example. The modelling approach used in Oxfordshire has enabled residents to become the Council's 'Cabinet for the day' and to make 'decisions' on real-life scenarios. Oxfordshire Council Leader Keith Mitchell, who attended a workshop with colleagues from all parties, concluded:

*I was impressed by participants' interest and enjoyment of the day. We found it invaluable to hear at first hand what they had to say. There is no doubt in my mind that the workshop influenced the Executive in setting their budget.*

Residents who participated also found the process involving and informative, with the following quotes being typical:

*Very enjoyable – showed us how difficult it must be for councillors to make these life-altering decisions. I now have a lot more confidence in the way the budget is handled.*

5.69 Some local authorities however still tend to use more passive forms of engagement, using more traditional consultation techniques, and are less good at feeding back to local people.<sup>23</sup>

### Recommendation 5.12

Local government needs to make a step-change in the quality of its engagement work, building on the effective communications and engagement practice already being used and also ensuring that its application is much more systematic and rigorous. In particular, councils need to:

- focus on what matters in their engagement work, being selective about where resources are targeted;
- follow best practice in engaging all sectors of the community, particularly those voices which are not always heard, including vulnerable people, and black and minority ethnic groups;
- avoid allowing statutory requirements for consultation to limit their approach to consultation and engagement;
- accord higher status to the skills set needed by officers and councillors to engage effectively with the public; and
- ensure they explain to participants how the results of engagement have been used, including how they influenced councils' or partners' plans.

<sup>23</sup> ODPM, *New Localism – Citizen Engagement, Neighbourhoods and Public Services: evidence from local government*, 2005.

5.70 The stronger emphasis placed on LSPs in the White Paper reinforces the importance of coordinating engagement activities. By bringing together all local partners, LSPs offer the opportunity to coordinate and plan consultation, engagement and feedback activities. Asking the public for their views on a wide range of public services and outcomes, for example, including health and policing, is more efficient and more likely to generate responses and ultimately involvement.<sup>24</sup> This would ensure that the public has a much more coherent sense of what is happening locally and that partners have a stronger shared understanding of local priorities and views.

**Developing  
scrutiny**

5.71 Local government has succeeded in making scrutiny part of the local governance landscape since its introduction in the Local Government Act 2000. Scrutiny by non-executive councillors of the executive's decisions, policies and strategies is increasingly playing an important role in the accountability of local government, strengthening public engagement and improving council performance. I want to stress that I see scrutiny as having a core role in place-shaping. Done well, evidence from the many case studies and examples from the Centre for Public Scrutiny shows that scrutiny can provide a key focus for community and stakeholder engagement, harness local expertise, challenge current performance and service priorities and secure changes that mean services better meet local needs.<sup>25</sup>

5.72 Councils have, with the help of the Centre for Public Scrutiny and others, learned lessons about what constitutes effective scrutiny, the level of resource it needs and how it can play a role in strategic decision-making. Where it is most successful, scrutiny also has a positive impact on service delivery and contributes to better outcomes for local people. Strong overview and scrutiny complements strong executive leadership, and the two have been identified in analysis of Comprehensive Performance Assessment scores as being associated with good performance.<sup>26</sup>

5.73 I am encouraged that there are already many examples of effective scrutiny by local government. It requires councils to be selective about the issues it considers and to focus on strategic questions. Although scrutiny bodies do not make decisions, examples of effective scrutiny demonstrate that they can influence strongly the decisions that are made by others and ensure that local services are responsive to local priorities. Effective scrutiny also provides an opportunity to be inclusive, drawing on skills and different views within the local community. With the introduction of health scrutiny in the Health and Social Care Act 2001, local government has also begun to develop scrutiny as a means of considering issues of community interest beyond its own services, and its use as a means to hold other agencies to account; the White Paper offers further welcome scope for this.

<sup>24</sup> For example, Birmingham's Commissioning Strategy for services for people with physical disabilities [www.birmingham.gov.uk/](http://www.birmingham.gov.uk/)

<sup>25</sup> Centre for Public Scrutiny [www.cfps.org.uk](http://www.cfps.org.uk).

<sup>26</sup> John, P. and Gains, F., *Political Leadership Under the New Political Management Structures*. ELG Research, 2005.

### Successful health scrutiny by Richmondshire District Council

The Yorkshire Dales area covered by Richmondshire District Council is over an hour away from the nearest accident and emergency hospital. The council's Community and Environment Overview and Scrutiny Committee has a broad remit, covering issues ranging from health and well-being to the physical environment. Prior to a proposed change to general practitioner out-of-hours services, and despite district councils having no formal scrutiny powers in relation to health matters, the Overview and Scrutiny Committee decided to undertake a review into how residents of Richmondshire perceived the out-of-hours service and what effect doctors opting out of this service would have on local residents. The committee also wanted to try and guide the primary care trust (PCT) in its future plans on this issue.

Prior to the introduction of the new out-of-hours scheme, the Committee publicised its intention to review current service provision, received a presentation from Richmond and Hambleton PCT and heard evidence from residents, the North Yorkshire Emergency Doctors Service and other health care professionals. As well as raising public awareness of the issue, the main outputs of this initial review were to check the operating procedures of the PCT, register the concern of patients that current service levels be maintained and ensure that any future new patient centre should be located in the local practice areas to reduce patient travel time. The recommendations were endorsed by the full council and passed on to the North Yorkshire Health Scrutiny Committee and the Tees Health Service Review.

Following the introduction of the revised service, and having recognised the original service review, the County Council asked Richmondshire's Overview and Scrutiny Committee to carry out a second review. This involved multi-agency meetings and site visits.

The majority of the recommendations of the second review were endorsed by the County Council's Scrutiny Committee and have now been implemented, including: the relocation of the emergency ambulance permanent station; provision of an initial patient assessment centre and out-of-hours waiting room, staffed by paramedics and/or emergency nurses at a local ambulance station; and the availability of better information to raise awareness of the complaints procedures. This case study demonstrates the contribution that effective council scrutiny can make on behalf of its community, even where they have no formal control over the service being scrutinised.

*With North Yorkshire County Council endorsing the review we were a stronger body, therefore, we were able to successfully improve the out-of-hours service. (Cllr Yvonne Peacock, Former Chair, Community and Environment Scrutiny Committee, Richmondshire District Council)*

*District councils have a vital and meaningful role to play in the scrutiny of health and healthcare on behalf of their communities. (Tim Gilling, Health Scrutiny Programme Manager, Centre for Public Scrutiny)*

Taken from *Successful Scrutiny 3* published by Centre for Public Scrutiny 2007 and available at <http://www.cfps.org.uk/successfulscrutiny2007>.

5.74 However, there is evidence that the practice and use of scrutiny as a tool for local accountability is mixed, with some councils performing better than others.<sup>27</sup> There are also major differences in the extent to which councils prioritise and resource the scrutiny role. I am pleased that the White Paper is extending councils' scrutiny role as I believe that scrutiny will become an increasingly important tool for local accountability in a more devolved system. The wider remit set out in the White Paper offers councils a further opportunity to shape the full range of services delivered locally and to act as a powerful advocate and champion of local people's interests.

5.75 As local government takes hard decisions in order to balance the needs of different communities and to manage local pressures, scrutiny offers a means by which to take into account the views of local people and to involve councillors in the policy-making process. For example, if councils are exploring a hard local choice where different interests must be weighed against each other, scrutiny can be part of that process so that backbench councillors and the wider community share ownership of the problem and contribute to the solution in a deliberative way, rather than merely reacting and responding to proposals which have already had political, if not formal council, agreement.

5.76 I believe that scrutiny also has a major part to play in supporting other tasks and behaviours that I consider essential to developing local government's place-shaping role:

- it offers a means of supporting local government's convening role through the consideration of strategic issues and, particularly through the role of frontline councillors, provides a means for the local community to hold partners to account; and
- it has the potential to play a key role in the self-assessment process of local authorities as part of the new performance management regime, and in strengthening the accountability of local partnerships such as the LSP and Crime and Disorder Reduction Partnership as partnership models become more important in the delivery of local outcomes and services.

5.77 The proposals in the White Paper for the introduction of a Community Call to Action and local petitions also introduce new demands on the scrutiny process. It proposes scrutiny involvement at a smaller neighbourhood level, about which I am cautious. I believe it may sometimes be appropriate for scrutiny to focus on smaller, localised issues, particularly those with cross-cutting implications, but this must be within a strong strategic context, without diluting scrutiny's strategic role, and in a way that fully recognises the overriding need for councils to manage competing demands.

#### **Recommendation 5.13**

Scrutiny needs to be seen as a core strand of local government's place-shaping role. Councils and other participants must resource it appropriately and link it to local partnership work.

## **INNOVATIVE, LOCAL SOLUTIONS TO PUBLIC SERVICE CHALLENGES**

5.78 I have no doubt that councils can and do provide adequate and even outstanding services without fully embracing their place-shaping role. I am convinced, however, that they cannot achieve optimum performance without a strong sense of place which is needed for services to be relevant

<sup>27</sup> Stoker, G., et al, *Operating the New Council Constitutions in English Local Authorities: A Process Evaluation*, ODP, 2004.



and tailored to the needs of the local area. For services to be provided in this way, innovative local solutions are necessary which may, in some cases, mean taking carefully judged risks. A recent study from the Tavistock Institute argued this would create greater diversity and difference within and between communities – the key challenge of local political leadership would be to both celebrate and respond to that difference and diversity.<sup>28</sup>

**Creative use of powers** 5.79 In order to innovatively and effectively carry out a place-shaping role, local government should make fuller use of the powers already at its disposal. This means actively considering the full range of levers available to achieve the council's goals in the short and longer term. Such powers can be used to support effective local services and outcomes, to innovate and respond to local needs, but there is also a credibility argument here. If local government is to be given new powers and freedoms, it is essential that it also demonstrates its ability to be ambitious and innovative in using both the new powers and the existing ones.

#### **Use of the well-being power to set up an employment brokerage and training agency in the London Borough of Greenwich**

Greenwich Council established Greenwich Local Labour and Business (GLLaB) as a mechanism to link local people to the thousands of new jobs being created by an unprecedented level of regeneration in the Borough. The challenge for the Council has been to maximise the local benefits of this investment by giving local residents, particularly those who are traditionally less successful in the labour market, access the new job opportunities and help to overcome barriers to employment caused by decades of structural unemployment and social exclusion.

Working with a wide range of local partners, GLLaB offers a highly customised job brokerage and training service that matches local residents to new job opportunities with contractors and end-user employers on all major development sites in Greenwich.

GLLaB's achievements since its establishment 1996 include:

- 7,000 local residents trained in skills relevant to new job opportunities;
- 7,200 people placed into work;
- 44 per cent of job placements from ethnic minorities;
- 75 per cent of job placements previously unemployed; 34 per cent long-term unemployed;
- 56 per cent of people placed into work were from the Borough's most disadvantaged wards.

GLLaB has been acknowledged as an example of good practice by the Joseph Rowntree Trust and the Audit Commission and has recently been awarded Charter Mark for the second time. GLLaB's success helped Greenwich achieve Beacon Council status in 2003–04 for Removing Barriers to Work.

5.80 I believe that the limited use of the well-being power in the Local Government Act 2000 is a powerful example of local government failing to make best use of the powers available to it. Long campaigned for by local government, the introduction of the well-being power could have represented a significant shift in the constitutional position of local government. Rather than being restricted to roles and functions specified in statute, the well-being power offers local government a much less constrained role in leading their communities. However, the evidence shows that the knowledge and understanding of the power is patchy and very few councils are using it actively in their community leadership role.<sup>29</sup> There appear to be several reasons why local government is not using all the powers available to it. It is too often perceived to be a legal or technical issue and therefore

<sup>28</sup> Tavistock Institute, commissioned by ODP, *All Our Futures, a study of local governance in 2015*, 2006.

<sup>29</sup> CLG, *Formative Evaluation of the Take-up and Implementation of the Well Being Power Annual Report*, 2006.

not widely understood. As a result, rather than being seen as an integral part of a council's powers, it is being introduced as means of giving comfort where the adequacy of other powers is unclear. The evidence also indicates that councils that are more experienced and confident in working with a wide range of partners are also more likely to be making use of the power as are councils that have a greater capacity for looking at cross-cutting issues. Perhaps this is because this approach tends to take councils into areas of work which are less circumscribed by other primary legislation.

5.81 There are also cultural and behavioural reasons why local government does not widely use its current powers. Government research has found that the main barrier to the use of the power seems to lie in local government attitudes and the absence of an entrepreneurial approach to problem solving.<sup>30</sup> While part of the explanation for this lies in the over-centralisation identified in Chapter 3, it is local government itself which must take responsibility for raising its game in the future. This needs to be part of the behavioural shift in local government from being constrained by thinking within the confines of a service provider to being a catalyst for wider innovation and change for the community as a whole.

#### Recommendation 5.14

Local government needs to think widely and creatively about how to use its existing powers to the full and take a more entrepreneurial approach to problem solving, as part of the place-shaping role.

5.82 In Chapter 3, I also identified central government's tendency to issue detailed guidance to councils, I am also aware of councils' own tendency to request guidance from central government. Indeed, evidence has been put to me on several occasions asking for central government guidance or funding. I emphatically believe that this is not the solution to local government's problems. In terms of recovering its own sense of powerfulness, local government must reduce its dependency on central government guidance and its default position should be to find solutions from within and seek support and guidance from its peers rather than seeing government departments as its first port of call.

#### Recommendation 5.15

Local government should itself develop mechanisms to provide peer guidance to councils and filter requests for guidance to government. The LGA could play a gatekeeper role.

#### Local Area Agreements

5.83 I have discussed the potential advantage and risks faced in delivering what LAAs promise in the future in Chapter 4. However, I also identify a challenge for local government in terms of its attitudes and behaviours in relation to LAAs. The concerns I have heard voiced about the current generation of LAAs during my consultation indicate that many authorities see them as an exercise in conforming to a central government requirement (and a means of 'earning' potential rewards) rather than a negotiated or contractual agreement between partners. As a consequence, few LAAs currently reflect a very strong local perspective and many authorities feel unable to challenge the steer they get from Government Offices, which represent government departments in this dialogue.

5.84 The explicit link made in the White Paper and the Local Government Bill between Community Strategies and LAAs as their delivery plans, may be helpful here. Community Strategies, when done well, are strongly grounded on the views and priorities of local people and are rich in evidence about local needs and opportunities. A stronger link with LAAs may help councils take a more robust stance in terms of their knowledge and evidence about local needs and priorities and support an approach to LAAs that shifts the balance of negotiation to one between more equal partners.

<sup>30</sup> CLG, *Formative Evaluation of the Take-Up and Implementation of the Well Being Power – Annual Report 2006*.

5.85 Local government needs to be particularly robust in identifying those matters which may be important priorities but which are for local determination. These may require significant negotiation with a whole range of local partners – but the Government Office should not be holding sway in these discussions. Unless LAAs are focused on those matters which truly need a national contractual arrangement, the approach will tend to be devalued. There is a key challenge for local government in making best use of LAAs as intended in the White Paper. This means negotiating the 'right' 35 targets with central government and selecting an appropriate set of local targets with partners. These should reflect a proper strategic discussion of priorities, resisting any temptation to fall back on a standard list.

#### Recommendation 5.16

Local government needs to emphasise the 'local' in Local Area Agreements, tailoring them to, and using them as a stimulus, for identifying key local priorities, seeing them as a tool for local improvement rather than a matter of mere compliance with central government.

### Securing efficiency

5.86 Improving efficiency and value for money will continue to be a major driver for local government, not least because of the imperative for councils to manage pressures on public expenditure and to secure the trust and confidence of both their local population and central government. Local government, in its role as an effective place-shaper, is in a strong position to improve efficiency. It should be able to harness local knowledge, and shape local markets and align its partnership and collaborative capacity to secure the best use of resources locally.

5.87 While local government needs to position itself more clearly as a champion for efficiency, its record is far stronger than common perception would suggest. It has led the way in using technology to re-shape the delivery of public services and provides a wide range of examples of innovative procurement and partnership models. Local government is comfortably meeting its Gershon efficiency target of 7.5 per cent: it is a year ahead of target and is producing 75 per cent, as opposed to 50 per cent, cashable savings.<sup>31</sup> Nonetheless local government still has a way to go in embedding an entrepreneurial mindset: it still sees itself too much as a prisoner of external factors and constraints rather than as shaping its own future. It is my belief that a reduction in central government direction will help councils to increase their sense of powerfulness and bring a clearer understanding of the distinctive role of local government, where it can be the unequivocal local champion of value for money.

5.88 Views expressed to me during the Inquiry reflect a sense that too frequently in the public sector, managerial efficiency is emphasised at the expense of allocative efficiency and its potential to improve user satisfaction and well-being. Pursuing allocative efficiency involves attempting to maximise general well-being by addressing the most important priorities for each area rather than seeking uniform standards. It needs, however, a really good understanding of local needs and aspirations, together with good engagement to both inform and explain hard choices. This in turn helps to manage pressures.

5.89 It is important to note that this tension between managerial and allocative efficiency plays out not only between central and local government, but also at a local level where councils are reluctant to devolve their powers to local or neighbourhood bodies, which may be in a better

<sup>31</sup> Gershon, P, *Releasing Resources to the Front Line – Independent review of public sector efficiency*, 2004.

position to understand and meet local demands. Local government needs to have the confidence to judge where economies of scale and managerial efficiency secure better outcomes at an authority-wide level, and where a more locally responsive approach may lever wider benefits and satisfaction and deliver stronger overall efficiency. Following on from Gershon's valuable emphasis on joining up back-office functions, the recommendations of the Varney Report build on exciting work already led by local authorities to join up front-line service delivery in line with user need.<sup>32</sup>

### Sharing good practice

**5.90** Central government does have a role in spreading best practice and supporting innovation. However, the collective role of local government in driving this agenda is also important and may not require any support from central government in many instances. Bodies such as the LGA and IDeA need to ensure that they are capturing the knowledge and experience of local government effectively and supporting the exchange and spread of effective practice. I welcome the LGA's commitment to developing cross-sector responsibility for challenging performance and supporting improvement and there are already good examples of stronger local authorities supporting improvements in weaker authorities outside of any formal inspection or accountability process.<sup>33</sup> I do, however, remain concerned that there has been huge investment in the identification and dissemination of best practice, for example Warwick University's wide-ranging evaluation of the Beacon scheme,<sup>34</sup> but there is still sometimes a tendency in local government to continually reinvent the wheel.

#### Key aspects of efficiency include:

- **service innovation:** reshaping the way in which public services are delivered through business process improvements and greater innovation in delivery models;
- **co-production:** working with service users themselves to improve outcomes;
- **effective commissioning:** a stronger understanding of needs (including related needs across service providers where joint commissioning may be appropriate), effective use of competition through strategic market management and flexibility about delivery options;
- **smarter procurement:** changing approaches to procurement including the use of e-procurement, aggregating demand and tracking spend patterns far more closely;
- **effective management of contracts:** adopting a 'one team' approach to working with partners providing services to achieve a smaller, leaner client side, less administration and a more creative approach to problem solving;
- **E-Government:** using technology to help deliver information and access to services more efficiently and to secure gains in terms of better information and data sharing and the accessibility of services;
- **partnership working:** collaboration where economies of scale or the sharing of expertise provide better more cost-effective services;
- **asset management:** rigorous challenge to the current and future use of assets, including joint consideration of future asset needs with local partners. Asset planning should be fully integrated with the long-term strategic plans for the area; and
- **delivering the right priorities:** efficiency in its broadest sense means finding the right local solutions, in light of local needs and wishes and setting priorities accordingly.

<sup>32</sup> Varney Report: Service transformation: a better service for citizens and businesses, a better deal for the taxpayer, 2007.

<sup>33</sup> LGA Closer to People and Places 2006 <http://www.lga.gov.uk>

<sup>34</sup> <http://www2.warwick.ac.uk/fac/soc/wbs/research/lgc/research/beacons/reports/>

### Asset management in Rotherham

In 2005, Rotherham reviewed a selection of its assets, and had used a database and geographic information systems to look at staff satisfaction and the demographics of properties, mapping other public service organisations alongside service properties and key commercial centres to consider if the right buildings were in the right places.

This approach helped the authority to develop a 'hub and spoke' approach to fit the needs of effective service delivery for its users. As a result, six outer borough service centres are being set up to enable services users to gain access to multiple services from one place. Existing accommodation was used to focus on customer needs in the town centre, but new facilities areas also being funded, designed, built and run. The primary care trust is a major partner for these developments.

Time-elapsed studies of building occupancy (carried out with another partner, BT) revealed that during an extended day, desks were only occupied for 41 per cent of the measured time and 30 per cent of space was used for hard-copy filing. Rotherham Work Style has now been introduced to maximise use of work space, resulting in savings through freed-up space.

Council-wide asset reviews are both sensitive and contentious, therefore in Rotherham they are overseen by the Regeneration and Asset Board, which is itself part of the Cabinet. This model is set to be extended to deal with Community (Buildings) Governance as set out in the Local Government White Paper. The current review has examined 250 assets, generating £32.7 million in capital receipts, and has produced significant revenue savings.

Rotherham operates a series of framework agreements to ensure a timely response to funding and other opportunities. Land ownership has been used as leverage, by lease or sale, to the extent that £900 million of development has been raised from assets worth £40 million. New civic and cultural centre projects, worth around £90 million, are a further example of innovative asset redeployment and reinvestment.

- Choice and co-production** 5.91 Public engagement too, can help councils to develop innovative solutions which can deliver more effective outcomes by bringing in the perspective of users. Councils should involve users in the design and delivery of services, to find ways to enhance user choice and harness the benefits offered by co-production.

### Hartlepool's Healthy Food Co-operatives

Hartlepool Borough Council's Healthy Food Project is a new scheme designed to promote health and well-being in the borough by supporting the creation of fruit and vegetable co-operatives across the town.

The project has been developed by the Council in close partnership with health professionals and local communities. While the council is taking the lead role in supporting and overseeing the project, the co-ops have been set up by local people for local people with the intention of each co-op becoming owned and controlled exclusively by their members. Granting local people ownership of their own co-ops promotes independence and self-sufficiency within the community through co-production.

There are five food co-operatives operating in Hartlepool at present, two are completely independent. The first was set up in Heronspool in 2002 in response to a survey that showed residents, particularly the elderly within the area, had very limited access to fruit and vegetables. The co-op now serves the needs of 98 sheltered bungalows. The Elm Tree Park Co-operative serves the needs of a static home park in Seaton Carew. The co-op is open to all 100 residents as well as the wider community. The scheme was created with the help of the Healthy Food Initiative but now operates completely independently.

One resident said:

*I've had a triple bypass and have diabetes as well. I couldn't do without the [co-op] now. I love the fact that it is so local, right in the middle of our community. I used to have to get taxis all of the time but now I don't have to rely on anyone, I can do it myself.*

The co-ops also play an important social role for both the users and the volunteers, promoting a sense of community within the borough. One local resident commented:

*the shop means we have independence. We get to choose the food we want in the quantities we can use and at a reasonable price. We can meet up with our neighbours, do our shopping, have a cup of tea and find out what's going on. It gives back the feeling of community.*

**Commissioning role** 5.92 The need for innovation applies not only to local government's traditional role as service provider. The future also requires councils to reflect further on whether they are the optimum provider of services or whether they should more fully develop their commissioning role, working in partnership with the private and third sectors and with other public bodies. Evidence in recent years from service delivery partnerships with the public, community, voluntary and private sectors has demonstrated that commissioning models often provide valuable new ways of delivering services.

5.93 Such commissioning has a number of benefits. It can bring new expertise, skills and experience from other sectors to bear on traditional and sometimes, outdated services. The community and voluntary sector in particular can bring the added benefits of community capacity building alongside service delivery. The process of commissioning lends itself particularly to bringing user involvement into determining the nature of the service to be provided. It can also draw in local users as co-producers of their services, for example where local social enterprises grow up to take action to improve and maintain green spaces on disadvantaged estates.

5.94 The stronger emphasis on the commissioning role can help refocus the role of local government in relation to services, changing the dynamic from provider of local services, with a tendency to be defensive about service quality or responsiveness, to one of 'market-shaper', using stronger community advocacy and taking a strategic view of the needs of the community. This should bring the desired outcomes and impact of a service to the fore and mean that delivery mechanisms flow from this rather than simply building on historical arrangements. Rethinking of



established service delivery and business process improvement can deliver both efficiencies and a more responsive service.

5.95 Councils have a role, as commissioners and as convenors, in developing local markets, creating an environment where the third sector and social enterprise can flourish and supporting local business growth. By using its purchasing power strategically, local government can achieve the double benefit of securing services that are relevant and sensitive to local needs and support their local economy thus bringing broader community benefits.

5.96 Work with the private sector can also bring new solutions to long-standing problems or challenges in service provision, involving them as real partners rather than merely as providers of services. For example, Staffordshire County Council's partnership with Accord is built on a 'one team' approach, rather than on a rigid definition of client and contractor roles. The focus on outcomes and a shared performance culture is improving efficiency, service quality and budget management. Staffordshire was ranked in the top ten of highways authorities for achieving efficiency gains in 2005–06 and consistently ranks at the top of national league tables in reducing serious road casualties. These partnerships can enable councils to explore better forms of cooperation that enable big complex changes to be made which are driven by local interests and ambitions, rather than the demands of central government.

5.97 There are many examples in local government of where this type of innovative commissioning is taking place, but I believe there is far greater potential that has still be realised across the sector as a whole. I believe that the principal barrier to this happening is the behaviours and attitudes of local government. It is still too often the case that historic patterns of delivery go unchallenged and opportunities to fundamentally reshape the approach to delivering services are missed. Skills are a factor here and there needs to be greater capacity within local government to lead and manage strategic approaches to commissioning. This may involve actively working to shape and manage the market, as well as the development of effective procurement arrangements that avoid overly elaborate or lengthy bidding processes.<sup>35</sup>

#### Recommendation 5.17

Local government needs to develop its capacity to commission innovative service solutions, to develop markets for services and to think more creatively about delivery options.

#### Partnership and cross-boundary working

5.98 Improving efficiency at a local level should not preclude partnership and cross boundary working. Large-scale partnership working and collaboration across administrative boundaries can make services less local and reduce flexibility. However, most supply markets are not local in character and increasingly local government is recognising this in its approach to procurement. Rather than trying to manage the market for goods and services in a very localised way, many councils now purchase goods and services through collaborative links and working with the Regional Centres of Excellence (RCEs) funded by CLG and the Office of Government Commerce. This enables councils to benefit from the economies of scale and lower overall transaction costs that can come from aggregated purchasing.<sup>36</sup> Councils' work to develop shared services should also focus strongly on service integration at the local level. The White Paper's support for RCEs and proposals to further develop support for effective procurement are welcomed.

<sup>35</sup> CLG, *Developing the Local Government Services Market to Support the Long-term Strategy for Local Government*, 2007.

<sup>36</sup> For example, the Better Services Better Systems programme was set up to examine the way the infrastructure for social care was delivered in Worcestershire County Council in order to improve the service to callers and to reduce the time spent on paperwork by social workers.

**Recommendation 5.18**

Local authorities should ensure that their overall approach to efficiency:

- places a value on outcomes in terms of their value to the local community;
- values the additional inputs generated through co-production;
- allows them to consider where it may be appropriate simply to do less of a particular service or activity in balancing local priorities;
- considers all options available including use of charging or other powers to reduce costs, raise revenues and change behaviour in the interest of the local community; and
- considers where it may be possible to encourage market solutions to local needs and so reduce the pressures on the tax base.

**Performing for the community**

5.99 I have referred in Chapter 3 to the damaging effect of the upward focus of local government performance management, welcoming fewer targets as proposed by the White Paper. Chapter 4 also discussed how best to ensure the new performance framework and inspection regimes minimise burdens on local government and focus on the right questions. None of this should be taken to imply that local authorities should focus any less on performance. Indeed, I argued that the performance framework should encourage a focus on improvement by the authority itself, while also recognising the need to provide public assurance and make best use of external and peer support.

5.100 Local government needs decisively to take ownership of its own performance. Too often, the accountability for performance has run primarily between local government professionals and the central agencies inspecting or directing them, with councillors being insufficiently involved in monitoring and reporting more widely on performance. There is an opportunity under the new performance framework to follow the best of local government. Under the new model, outstanding service performance should be driven by outcomes which the public can understand and identify with. Internally, the whole organisation, managerially and politically, should be clearer about exactly how it is working for the good of the local community, whether it is achieving its aims and what more it needs to do to reach its own targets.

**Recommendation 5.19**

Local government should continue to focus on performance, using the reduction in central targets and inspection as an opportunity to:

- re-orientate its performance management towards public accountability; and
- work with other councils to support service improvement, through peer review, challenge and benchmarking.

## CONCLUSION

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5.101 My starting point was that local government must recognise its responsibility for changing the dynamic in its relationship with central government. In this chapter, I have tried to demonstrate that this is primarily about behaviours and attitudes rather than new powers or structures. In all the areas I have identified above, there are examples of excellent practice already within local government, so there are no fundamental barriers to making change happen. Nevertheless there is a great challenge in ensuring the energies and talents in all local authorities can be released to make the most of the potential of local government. Sharing good practice is a key aspect to achieving effective place-shaping.