

smart localism

The Smith Institute

The Smith Institute is an independent think tank that has been set up to look at issues which flow from the changing relationship between social values and economic imperatives.

If you would like to know more about the Smith Institute please write to:

The Director
The Smith Institute
3rd Floor
52 Grosvenor Gardens
London
SW1W 0AW

Telephone +44 (0)20 7823 4240
Fax +44 (0)20 7823 4823
Email info@smith-institute.org.uk
Website www.smith-institute.org.uk

Designed and produced by Owen & Owen

smart localism

Edited by Jim Robertson



2005

THE SMITH INSTITUTE

smart localism

Edited by Jim Robertson

Published by the Smith Institute

ISBN 1 902488 83 0

© The Smith Institute 2005

Contents

Preface

By Wilf Stevenson, Director of the Smith Institute 3

Introduction

Jim Robertson, Founder Director, Social Design and former Director of Policy,
Kent County Council 4

Chapter 1: The strange death and resurrection of localism, 1997-2005

Jim Robertson 8

Chapter 2: Contracts for outcomes – the lessons of local public service agreements

Jim Robertson 18

Chapter 3: Is there any future for local government?

Phil Swann, Director of the Tavistock Institute 26

Chapter 4: Developing contracts for outcomes in Kent

Judy Doherty, Policy Manager, Central Policy Unit, Kent County Council 34

Chapter 5: The Wigan way

Peter Smith, Leader of Wigan Metropolitan Borough Council 42

Chapter 6: Making sense of localism in Wakefield

John Foster, Wakefield Council Chief Executive, and Steve Stewart,
Assistant Chief Executive 50

Chapter 7: Smart localism in Camden

Jane Roberts, Leader of London Borough of Camden Council 60

Chapter 8: Building social capital in Suffolk

Alex Hopkins, Suffolk County Council Head of Policy, and Rachel Thompson,
Policy Manager 66

Conclusions: A smarter form of localism – the way forward

Jim Robertson 74

Preface

Wilf Stevenson, Director of the Smith Institute

The Smith Institute is an independent think tank, which has been set up to undertake research and education in issues that flow from the relationship between social values and economic imperatives. In recent years, the institute has centred its work on the policy implications arising from the interactions of equality, enterprise and equity.

Although the concept of localism has risen up the policy agenda, with all political parties arguing the case for greater local involvement in key policy issues such as public service reform, a number of important questions remain about the key elements, processes and potential benefits of localism. What does localism mean in practice? How can greater local involvement help to drive improvements in public services? What is best practice? In trying to meet national *and* local priorities, what should the role of local authorities be?

The Smith Institute, in partnership with the Local Government Association and Kent County Council, is pleased to be publishing this collection of essays by key experts in the field. We hope that their contributions will help to develop the debate on ensuring that the potential benefits of localism are shared by all.

Introduction

Jim Robertson, Founder Director, Social Design and former Director of Policy, Kent County Council

England is a country which is small enough that people think it can be run from the centre, but too large for us to actually do so successfully. – Rt. Hon. David Willetts MP

This quote could have come from almost any part of the mainstream political spectrum. As it happens, it was uttered by a Conservative shadow Cabinet member. One of the remarkable things about the present decade has been the lack of dispute about the importance of the great public services and the need to improve them. The political debate revolves almost entirely around means – what mechanisms are best tuned to achieve delivery, and how much waste can be cut out of the rest of the government machine to pay for them. It does not even seem to be much disputed that the large increases in spending on health and education were necessary, starting from a position of visible underinvestment in the 1990s. At any rate, no political party is bidding to cut spending on schools and hospitals.

As early as 1997 some forward-thinking local politicians were predicting a new golden age for local government. As they saw it, the principal issues of concern to the public were the quality of life issues that present themselves essentially at the local level.¹ Many of these challenges – the fear of crime, for example, or the promotion of security and independence into old age – involve more than one agency at local level and are therefore particularly ill-suited to top-down, partial systems initiatives through departmental silos. What was not foreseen in 1997 was the extent to which the new government would conscript the capacity of local agencies in support of legitimate national imperatives, a story that will be explored more fully in chapter one. It has taken almost two electoral cycles for a centralist approach to public service modernisation to run its full course.

Now most of the urgent goals of the incoming government of 1997 have been achieved or are on their way to being achieved. In a review of government achievements in early 2004, the outgoing head of the strategy unit flagged up what he saw as the successes of the first five years, such as literacy, numeracy, and crime reduction. But he concluded that a change of gear was needed, a looser approach, both to consolidate those gains and to deal with other, more intractable problems. As the gains from “command and control” are

1 MORI surveys suggested a close correlation between satisfaction with councils, quality of life and public services.

greatest early on, it is inevitable that diminishing returns will set in at some point. In schools, where those techniques started, that point already seems to have been passed.²

Today it is arguable that the main fault line in practical policy making is between the centralists and the localists. It is even said sometimes that “localism is the only game in town”. Unfortunately, there are almost as many different understandings of localism as there are people who advocate it. The purpose of this paper is to clarify what these different understandings are, and to arrive at some suggestions for a practical way forward that reconciles as many of them as possible.

² For example, the stalling of improvement to GCSE results from 2003 onwards.

Chapter 1

The strange death and resurrection of localism, 1997-2005

Jim Robertson

The strange death and resurrection of localism, 1997-2005

Jim Robertson

The New Labour programme for the renewal of public services was prefaced by a limited number of specific, near-term commitments in the 1997 manifesto but did not really gather momentum until the comprehensive spending review of 1998 began to take effect. It marked the decisive break with the spending plans inherited from the previous government. All governments must operate through the established machinery of the central civil service, but as one civil servant confessed: “All this delivery business is quite new to us – what we are used to is passing laws and expecting other people to get on with it.”

Ministers, whether at the centre or in the great spending departments, were naturally concerned to ensure that the spending increases they had secured were spent in the way that they wanted. They were particularly concerned that local authorities should not divert funds away from their intended purpose. This was potentially a flashpoint, as traditionally councils have had considerable freedom to spend their block grant as they see fit. The earmarking of funding within the standard spending assessment (now formula spending share) was purely notional.

Casting around for techniques, the civil service found a model in the way that the Department for Education & Science (as it then was) was managing its relationship with local education authorities and schools. The introduction of a national curriculum, a centralised inspection regime (the Office for Standards in Education) and the increasing delegation of budgets to schools all predated the Labour landslide of 1997. Although mainstream funding through local authorities (technically, the education blocks of the standard spending assessment) was increased, and generously so, the DfES was determined to ensure that councils used their funding to support national priorities. Rules were introduced to ensure the “passporting” of increases through to schools, and the biggest increases were pumped into a standards fund for which local education authorities had to account in minute detail.

Cynics argued that local education authorities had become little more than agencies of central government, and speculation began to grow that the whole service – since 1944 a “national service, locally delivered” – would be nationalised or regionalised, as had happened previously with public hospitals, the utilities, public health and further education, to name just a few.

Similar models were replicated by other departments of state with an interest in programmes at local level and/or dealings with local government. The Home Office established highly prescriptive arrangements for young offenders through a national Youth Justice Board. The Department of Health established an array of specific grants for social services, each with their own regime to ensure that the money had gone where it was supposed to.

Across government as a whole the result was a massive increase in the value and volume of specific grants. Each came with an obligation to produce a plan to show how the council was going to use the money, monitoring and reporting arrangements to ensure accountability, and usually an inspection regime to check on the results. As another civil servant jested, the result was “a target for every performance indicator, and a civil servant for every target”. A variant model was the virtual funding stream, where a specific grant bypassed local government altogether, although it would frequently be the accountable body for the money that was granted to a mandatory partnership. Examples are youth offending and drugs action teams, children’s funds and the Sure Start initiative.

Too many grants

There is a paradox here. When one government department uses one specific grant to influence priorities, the results are powerful. However, when more than one department becomes involved, greater confusion can lead to mixed results. The capacity of local authorities became clogged by the requirement to produce so many plans and reports and to respond to so many inspections. The marginal utility of public spending at local level was undermined because it was usually not possible to reallocate funds across programmes funded in this way. Underspends on the youth offending team, for example, would be returned to the centre even if there were local public safety schemes crying out for funding that would produce good value for money.

Equally, the capacity of the civil service to micromanage on this scale was questionable. Targets were often set uniformly across the country. This reflected the difficulty that officials faced in differentiating between what was achievable across so many different and diverse localities. This meant that some authorities would be set unrealistic targets while others could have achieved more; but as there were minimal rewards for success, and painful penalties for failure, the result was risk aversion and almost certainly systemic underperformance.

At the macro level, therefore, these arrangements were less than optimal. Spending was not allowed to flow where its marginal utility would be greatest; targets did not reflect

where the outcomes would be most effective. In addition, the core budgets of local authorities began to suffer a form of tectonic stress. When each of the great departments of state was demanding that councils give priority to “their” programmes, it was easy for those demands to add up to 105% of local budgets rather than 100%. One inspectorate is notoriously on record as regarding local overspending on “its” programmes as a positive, since it would mean more service being delivered.³ Another consequence was that those programmes lacking a national policy imperative tended to suffer. Among such casualties were the public realm and environmental programmes generally, although this is now being redressed.⁴ For example, the unit costs of waste disposal are rising faster than almost any other public programme, but it is a Cinderella service with no specific funding of its own. Cumulatively, this has put great upward pressure on the council tax, to which capping can be no more than a temporary and selective response.

By the turn of the century the clamour of local authorities complaining about bureaucracy, red tape and overregulation was becoming deafening. However, when challenged to say exactly what benefits would result from a change of approach, they were unable to be specific. Essentially, they rested their case on the supposed constitutional autonomy of local government – an irony given the hugely increased autonomy of councils that resulted from the modernising Local Government Act 2000. Treasury and Cabinet officials, although inclined to be sympathetic, were visibly frustrated at the inability of their local counterparts to talk in other than vague and generalised terms.

One consequence of this was that when local public service agreements were introduced, a key feature was a specific trade-off between selective deregulation in return for a commitment to better outcomes. More is said about this in the next chapter. Another consequence was that when the white paper of 2001 and its subsequent enactment divided local authorities into five categories, immediate and significant deregulation was reserved for the 20% or so highest performers – the “excellent”. From a local perspective, earned autonomy was better than no autonomy at all, but it was still a case of everybody being in jail apart from those who get let out. This model may make sense for appointed bodies,⁵ which have no elective legitimacy of their own; but for bodies with their own franchise, many have argued for a presumption of innocence, so that it is the poorest performers that get called to account.

3 The former Social Services Inspectorate.

4 It is not easy to find measurables and potential targets in this field. The “number of teenagers hanging around” was mooted at one point.

5 That is, the nondepartmental public bodies or quangos such as health authorities and trusts, or Next Steps agencies of central government.

What does localism mean?

The story so far has concentrated on local government, but localism is a wider and more complex concept.

- Elected local government itself has an ambiguous role, both as a democratic expression of its population and as the agency responsible for a number of public services. There is a tension between these two roles.
- There are 150 unitary and county councils. Although they vary greatly in size (by a factor of about 10), this is probably too few to be “close to the people” but too many to be effective in terms of service delivery. Nonlocal government agencies tend to be larger, with a coverage of 1 million to 2 million people.
- In county areas there are also 238 district councils which share with counties responsibility for local authority services.
- Although local government is responsible for some key public services, such as schools, social services and environmental services, it is a bit player in terms of total public-sector activity. Of total public expenditure attributable to place, the welfare budgets are by far the largest, followed by the National Health Service. Local government services account for between 20 and 30% of the total by value. There are also police authorities, fire authorities, learning and skills councils and a wide range of national government agencies operating at local level. The number of these per service varies, but is generally between 30 and 50 local agencies, across the country (as against 150 unitary and county councils).
- These services are highly interrelated at the local level, imposing costs and granting benefits to each other in a way that can be managed effectively only as a whole system. For instance, social services acts as a sluice gate for the NHS, particularly in the case of older people and children in need. On a grander scale, the costs of the welfare system can be regarded as an index of success or failure for the public sector as a whole. To try to manage these partial systems in isolation from each other, as we do, is immensely more difficult than to manage them as a whole.
- While it may be impossible to manage the system as a whole across a country of 50 million people, there is a certain threshold below which it becomes possible. The example of the devolved administrations is instructive, as are the federated structures of other Anglo-Saxon political systems. State level structures, doubling as most-purpose authorities, usually come out at a few million of population and only exceptionally more than five.⁶

⁶ US states (averaging 5 million mean population; median rather less) have wide-ranging competence for public services, including welfare. Australian states are responsible for everything apart from welfare. Responsibilities may be cascaded to counties and municipalities and there can be extensive agency arrangements between tiers.

- However, there is general agreement that there has been quite enough structural change and that this is to be avoided unless the benefits clearly outweigh the costs. The challenge, therefore, is to get all these different agencies working together effectively when they often have quite different geographies.

It is easier to lay off political risk to an elected body, and therefore to deregulate. One interpretation of localism, therefore, concentrates on the democratisation of unelected agencies as single-purpose authorities (foundation trusts; directly elected police authorities). Another concerns itself more with how existing local government structures can be brought closer to the people, maybe by empowering a strengthened neighbourhood tier of community self-government. Across government the degree of attachment to these views varies. For the ODPM, in particular, there is a tension between the promotion of regionalism (which implies more, and smaller, unitary councils) and the improvement of public service outcomes (for which some of the existing standard regions may not be well shaped or sized).

Some examples of present localist initiatives

Since the turn of the century there have been some signs of a renewed sense of self-confidence and legitimacy within the local government family. This can be attributed to two main factors. First, the comprehensive performance assessment judges a limited number of authorities as “excellent” on the government’s own criteria – frequently better performing than the local arms of national programmes, which might emerge with less than three stars or even, on occasion, none whatsoever.

The second factor was the slow burn, delayed action impact of the Local Government Act 2000. This imposed the political modernisation of council leadership, making it potentially much more transparent and visible. It also created a new power (and duty) of “community leadership”. For the first time, local authorities have the power to do anything they see fit that promotes the general well-being of their people – provided it does not conflict with any existing statutory prohibition. Even if it does, the secretary of state has the power to “disapply” the offending legislation – primary included.

Bit players though they may be in the jungle of local public sectors, local councils are the only agency with this general enabling power. It gives them the legitimacy to act as *primus inter pares* (first among equals), if only they choose to assert it.⁷

7 This is not always the case. Many local strategic partnerships are not chaired by the local authority.

Local strategic partnerships

Along with the power of community leadership comes the duty to produce a community plan for the community as a whole (including the other main public agencies). Typically this is adopted by a local strategic partnership, which includes the voluntary sector, faith communities and business as well as other public services. Local strategic partnerships are accredited by government regional offices on behalf of the ODPM. Originally they were to be mandatory only in the 60-odd localities where the neighbourhood renewal fund was targeted, but now they have arisen everywhere. There was much talk about rationalising the cat's cradle of existing partnerships. However, particularly across the half of the country where local government is two-tier, they have tended to add to their number – one for each county and up to one for each district within it.

“LSPs with teeth”

Following the comprehensive performance assessment, the best performing 20% of authorities (the “excellent”) were invited to form an innovation forum. This promoted a number of initiatives, mainly service-based – for example, an initiative to unify the commissioning of health and social care for older people so as to keep them healthy, independent and out of hospital. This particular initiative, however, arose out of the frustration of some leading authorities with their local strategic partnerships and the difficulty in proving concrete outcomes. Because the problem is different according to the type and size of the authority, there is no one solution to it. The innovation forum has produced a paper outlining seven main variants of “LSPs with teeth”, with a large number of subvariants within each.

Local public service boards

Local public service boards are one such variant of “LSPs with teeth”. The central insight was that it is possible for a mayor or leader of a large authority to sit round a table with perhaps no more than half a dozen counterparts from the other big spending agencies. Between them they will be responsible for the vast majority of public expenditure at local level. On a minimalist view, a local public service board might be no more than a subgroup of the local strategic partnership drawn from the public-sector component. The most radical interpretation would go much further, and allocate all growth money emerging from a spending review to the board on a basis such as the Barnett formula, which governs the allocation of funds to the devolved administrations.⁸ The Barnett formula

⁸ The Barnett formula (in operation since the 1970s) has recently been published on the Treasury website.

allows an à la carte approach to devolution, so that programmes can be included or excluded according to local demand.

The board would be free to reallocate between programmes, just as the Welsh Assembly can. Some have gone so far as to advocate the inclusion of some welfare programmes, such as those of JobCentre Plus, which are most closely linked to the performance of other local programmes. This would go even further than the devolved administrations, where welfare is still reserved to the UK government.

There are unanswered questions about how these boards would be constituted, particularly in areas where there are many local authorities facing much larger health authorities, police forces and other such agencies. Some have suggested that directly elected executives would be preferable to unelected boards. Public service executives would be constituted across broad subregions of between 1 million and 2 million people. They would be formed on the initiative of local government, and be held to account by it, but would otherwise be freestanding.

Local area agreements

Local area agreements are a new initiative sponsored by the ODPM. One pilot or more will start in each standard region next year, coterminous with the new spending cycle. Initially, the aim was to consolidate the drizzle of funding arrangements that exist in the environmental and public safety arena. It had been discovered that some of these funds could be as little as £5,000 by the time they reached an individual authority, and the administrative costs could easily exceed this several times over.

There has been debate and a general lack of clarity about how far local area agreements will go in drawing in the big-spending local services sponsored by the Department of Health and the Department for Education & Skills, and how they will relate to the established arrangements for local public service agreements. While local PSAs are deliberately limited to 12 targets in the interests of focus, those targets can be drawn from the full range of public services at local level. On one scenario, we could end up with a series of "broad but shallow" local PSAs, which do not relate to local area agreements, which are "narrow but deep". A more ambitious view of local area agreements would have them integrating programmes across a series of blocks such as:

- environmental programmes, public safety and public reassurance (ODPM/Home Office);
- health and social care (Department of Health);

- child welfare, development and learning (Department for Education & Skills);
- employment and welfare programmes for those of working age (Department for Work & Pensions);
- transport and other “physical” services; and so on.

At the limit, this vision approximates to the more radical conceptions of local public service boards, or “LSPs with teeth”. It is unclear how many areas the ODPM envisages dealing with. However, the experience of local PSAs (see next chapter) suggests that 150 is far too many to be manageable and that some form of intermediate structure will be needed.

Summary – localism in 2005

With everybody trying to surf the wave of localism, we run the risk of a whole series of different interpretations leading to disconnected pilots that fail to join up and simply complicate matters.

The central thesis of this monograph is that the master link that can prevent this and ensure that localism is connected already exists, in the form of the contract for outcomes. There is no need to reinvent the wheel, as this mechanism has already been tested through the series of local public service agreements that began in 2001. The next chapter therefore looks at this mechanism in closer detail and considers how it needs to be developed in the light of what has been said here. Subsequent chapters put the spotlight on the experience of individual local authorities. Finally, we reach some conclusions, which aim to reconcile the differing approaches to localism and initiatives and to plot a way forward.

Chapter 2

Contracts for outcomes – the lessons of local public service agreements

Jim Robertson

Contracts for outcomes – the lessons of local public service agreements

Jim Robertson

The first comprehensive spending review, in 1998, was accompanied by the publication of about 500 public service agreement targets. These were quasicontractual arrangements between spending departments and the Treasury, setting out what the government was getting for its money.⁹ The second spending review, in 2000, pruned the number of targets drastically to about 150 – a maximum of about a dozen per department, although some of these were omnibus targets concealing a number of different objectives. There was a strong emphasis on setting targets that were medium-term (three years) and outcome-based – setting out clearly what results were to be achieved. Spending reviews run for three years but are renewed every two, so that the final year of one spending review will become the basis for the first year of the next. The corresponding PSA targets operate in the same way.

In the three post-1998 spending reviews – 2000, 2002 and 2004 – there has been remarkable continuity of PSA targets. Targets come and go at the margin; they move around in line with changes to the machinery of government. When a target has been achieved and an outcome optimised, it becomes a standard to be maintained. Overall, however, they are an extremely clear statement of what the government is trying to achieve. As a framework for setting objectives, there is nothing comparable among other advanced economies. Nothing, for example, could possibly be clearer than the headline statement in chapter 15 (Department of Work & Pensions) of the white paper that “work is the best form of welfare for those of working age”, the emphasis on parental employment as the key to ending child poverty, and the supporting targets.

Recently there has been a reaction against targets in general, as a result of the history described in the previous chapter. There is now a danger of throwing the baby out with the bath water. The villain is bad targets, not targets as such; we need fewer but better targets. The growing consensus is that a good target is one that is medium-term and outcome-based. The problem therefore is not that we have too many PSA targets at the national level, although it is true that the framework is somewhat uneven.¹⁰

⁹ Whether these “contracts” are enforceable has always been questionable – in contrast to local PSAs, which undoubtedly are.

¹⁰ Although the Treasury’s own targets for macroeconomic policy are very clear, the local counterpart to this is not. As a result, almost every tier of government dabbles in local economic development.

The real problem was vividly highlighted in the Treasury's recent review of devolved decision making. This showed how the very limited number of national outcomes required from schools and hospitals had exploded into a vast array of intermediate targets and performance indicators – well into the hundreds. This is departmentalism, centralism and bureaucratic accretion at work. Each level of the hierarchy adds its own, ever more detailed, level of management information requirements; and none is ever removed.

The genesis of local PSAs

A particular feature of the PSA white paper in 2000 was the inclusion of “cross cutting” PSA targets, which belonged to no one department or to more than one. The final chapter gathered together 22 targets from the other chapters to form an umbrella set of PSAs for local government. There were some strange omissions; the full number of targets open to influence by local government was probably closer to 40. The status of the chapter was also unclear – who was responsible for delivery? For a while the Treasury toyed with the idea of a master agreement with the Local Government Association, but it was far from clear how such an agreement would be transmitted to individual authorities and enforced.

The idea eventually adopted was a radical concept of direct local PSAs, in which individual local authorities would bid to deliver their own contribution to a national target. This bottom-up conception had huge potential to cut out the need for intervening, bureaucratic structures. For if an authority was willing to guarantee a PSA outcome, what need was there for minute monitoring and micromanagement? The Treasury developed the concept of stretch, under which a local PSA must deliver a better outcome than would have happened in the absence of a direct agreement. In return, authorities could bargain for the disapplication of rules and regulations that were getting in the way. Agreements would be pump-primed with a small sweetener of £1 million up front. A much larger performance-reward grant would be paid at the end of the agreement, dependent on its degree of success. This performance-reward grant would taper off sharply from its maximum (2% of net budget – £25 million for the largest authorities) if individual targets fell short of full stretch, or if the package as a whole included missed targets.

The first round of local PSAs

About 20 authorities volunteered as pilots for the period 2001–04, coterminous with the 2000 spending review. A few of these were opposition-controlled authorities that had spotted that, so far as public service improvement was concerned and on a three-year view, there was very little difference between the government's programme and their

own. This created the space for a new style of strategic partnership between national and local government.

During the first round the selection of targets was somewhat constrained. Local authorities were asked to pick a minimum of seven targets from the national list, and add five of their own devising. The selection of the seven was hedged in by the rule that at least one target must be picked from one of each of the main public service blocks – health/social care, education, public safety and transport – plus a mandatory target on cost-effectiveness.¹¹ In practice, many of the five remaining targets turned out not to be novelties but re-expressions of national targets, adapting them to local conditions. This was a reflection not so much of a lack of imagination at local level, as of the fact that there is a natural limit to the number of high-level outcomes that apply to local services. In the main they were already adequately expressed in the Treasury's national PSA set.

The process later became bogged down and bureaucratised as the government extended local PSAs to all 150 local authority areas, but for the early pilots the experience was liberating and exhilarating. The whole exercise was conducted at breakneck speed between September 2000 and Christmas the same year, leaving little time for officials to think up reasons to say no. Authorities found themselves face to face for the first time with the government as a whole and on more or less equal terms. It was a period of great experimentation, openness and, by and large, goodwill. Much had to be improvised as the negotiations proceeded. For example:

- What is “stretch”? Although local PSAs were supposed to produce outcomes over and above what would have been the case without them, hardly any baselines for performance existed more than about one year out. Various rules of thumb were therefore conceived. If performance was below the upper quartile, then that might be the target. If there was a national plan, then stretch might mean to achieve the national plan and beat it by one year. Failing either of those two, a 20% improvement would generally qualify. It was much more of an art than a science.
- Freedoms and flexibilities. Although the howls of protest from local authorities about excessive regulation had become deafening by 2000, councils found it remarkably difficult to pin down exactly what it was they wanted to be free of and in what way this would be beneficial. When the centre included the possibility for negotiated

¹¹ Precisely how to calibrate the target was still under negotiation in 2004 as the first local PSAs drew to a close. It is a good example of how an essentially aspirational and toothless target at national level acquired bite within the more rigorous, contractual framework of local PSAs.

freedom in the local PSA package, it was supposed to force authorities to be more specific. It also allowed for selective disapplication at the level of the individual authority, rather than for a whole class of authority. As the Treasury's director of public services put it, it would be "nowt for nowt, and owt for owt". This neatly kicked into touch the floodgate gambit beloved of departmental officials,¹² and its evil twin the argument from equity.¹³

However, negotiations revealed extraordinary confusion about what powers local authorities already had. One local agreement as signed devoted a section to confirming powers that the council had asked for but did not realise it already had. This testified not so much to incompetence in any particular place, as to the extraordinary complexity of the regulatory environment in which councils have to operate – beyond the comprehension of any one person, and quite possibly of humankind as a whole.

Outcomes and impact of PSA 1

Many of the first round of local PSAs are still running, but the pilots concluded in March 2004. Overall, the success rate seems to have been about 80%.¹⁴ This means that in 80% of cases, the government has secured the outcomes it wanted better or quicker than it would have otherwise. Where this has happened, performance-reward grant has been paid; where it has not, no one is any the worse off than they would have been otherwise.

Is 80% a good outcome? In contrast with conventional targets, where anything less than 100% might be seen as the signal to send in the inspectors or "change agents", complete achievement of outcome-based targets would not necessarily be a virtue. It might rather suggest that targets had not been stretching in the first place. Anything much less than 60%, on the other hand, might be regarded as failure, and this was in fact built into the incentive mechanism.

Within councils and among their civil service overseers, the adoption of outcome-based targets required some cultural adjustments, which were not always painless. Some middle-ranking officials in departments and government offices became anxious about how they were to monitor and police the new local PSA targets – little appreciating that the local authorities had every possible incentive to want to achieve them.

¹² That is: "If we concede to one authority, we will have to concede to all."

¹³ That is: "If we don't concede to them all, we will face judicial review."

¹⁴ Based on an informal canvass in the summer of 2004.

Within local authorities, the dynamic of outcome-based, medium-term targets only began to be appreciated by degrees. Typically, the first year would involve a fair amount of improvisation and chaotic experimentation, while the second year would see the institutionalisation of PSA targets into established plans. In the third year, it would be recognised that this was not sufficient and that the target was heading for failure. Since everything that was plannable had been planned and done, the only remaining option was to throw away the plan and empower frontline managers to do whatever they could. There are examples of targets that stood short of the 60% threshold in January 2004, but that by March had been overachieved by about 20%.

Performance managers found this difficult. They wanted smooth and linear progress. The targets did not behave like this. Little or no progress in year one, sometimes even a step back; modest progression in year two; a spontaneous leap forward in the third year. One chief executive adopted a system of traffic light codings for his progress reports to members. This was helpful in the early stages, in that it enabled muddling through to be dressed up in the respectable clothing of “on course” or “further work needed”. But by year three it was positively dangerous because it became self-fulfilling. All in all, PSA targets challenged a great many cultural norms in authorities that had prided themselves on their performance culture.

The second round of local PSAs

Towards the end of 2003 attention began to turn to the next round of local PSAs. Responding to feedback to the first round, the government made a number of changes. First, targets were no longer to be drawn from a national list, but were to emerge from an intensive process of local consultation. This was to be rooted in the community plan and the local strategic partnership. Second, there was to be much greater emphasis on local services in the round, not just those of local authorities. Some opinion would like to see local PSAs as a contract between the government and the local strategic partnership rather than the local authority, but the government did not in the event go this far.¹⁵

This shift was symbolised by the deletion from the 2004 spending review white paper set of the national PSA for local government – a questionable move. As with many well-intentioned policy changes, this is having unintended side-effects. As was said earlier, it is actually very difficult to devise genuine outcome-based targets that are not already covered to some extent in the national set. But by obliging agencies to reinvent

¹⁵ There is surprisingly strong support for this approach from within the local government community, although it is very hard to see how a virtual body with no legal substance could take on the role of prime contractor for outcomes.

the wheel in their localities, it obscures the way in which local PSA targets feed national ones. It makes it more difficult for civil servants to evaluate the contribution being offered; and since every contribution will be expressed in a slightly different way, the exercise has been vastly complicated from a purely administrative perspective.

The government was already struggling to process 150 semi-standardised agreements. The attempt to process another 150, all different, may well prove impossible. One consequence has been the devolution of negotiation to lower and lower levels of officialdom, who inevitably have to adopt a more rules-driven and formulaic approach. Thus the transformational possibilities experienced by the original pilots are at risk of being lost from view.

Summary – lessons of local PSAs

For all their faults, the experience with local PSAs provides us with a valuable insight into how we can engineer a form of localism that is smart, voluntaristic and energetic, while at the same time being broadly in line with government priorities rather than wholly anarchic.

- PSA targets were agreed voluntarily between sovereign contracting parties. They agreed those things they could agree, agreed what they disagreed about and set the latter wholly aside. PSAs were about the shared space for improvement and the common interest.
- PSAs put a clear monetary value on outcomes, analogous to the profit motive in the private sector. For officials accustomed to dealing with a thousand and one conflicting objectives, this had a wonderful clarity that was in itself highly motivational. Admittedly the valuation was somewhat crude, but this is being addressed and refined in the course of LPSA 2.
- PSAs were upside only. There was no penalty for failure other than embarrassment. Authorities and their officers took some time to adjust to this, but once they did they found the abolition of fear of failure hugely liberating and empowering. Reward grant could be used as the basis for very simple but powerful incentive schemes, for services, teams or even individuals.
- As a result, PSA targets enabled leaps in performance beyond what could be foreseen or planned.¹⁶ This was inherent in the doctrine of stretch, since even baseline performance was supposed (in theory) to be stretching. Once you have done everything you can, how can you do more? And yet time and again PSAs released latent energies that conventional performance management could not access, or even suppressed.

¹⁶ For example, a 25% shift in a figure – the number of children in care – that had stubbornly resisted reduction year upon year despite managerial targets of 10%. Thus 10% was impossible, but 25% was achieved.

- PSA targets were inclusive and multiagency in nature. Their very breadth meant that a social services target would often require the support of the health service, or a schools-based target need help from the police. Some of the most radical targets – and the most successful – were adopted by local authorities on the frontier with other agencies, or even on their behalf.
- The PSA process gave genuine expression to the community leadership role of the local authority. As the prime contractor for public service outcomes on its territory, it legitimised the position of the council as first among equals in relation to the other big agencies, in those cases where the authority was willing to assert that role.¹⁷ Other agencies often looked at this role with some suspicion to begin with, but quickly decided there was nothing to lose and potentially something to gain.
- Constitutionally, PSAs began to reverse the polarity of command and control. Local delivery agencies are accustomed to subsisting at the very bottom of the food chain, their priorities set from above, and isolated from their partners at local level. Vague guidelines about joining up and endless partnership structures do little to redress this in practice. But PSAs enabled agencies collectively to assert and underwrite the outcomes that they believed possible. As one health authority chief executive acutely observed, this gave him an entirely new line of access direct to the centre, and in so doing for the first time introduced an element of contestability into the market for public service outcomes.
- The contractual structure of PSAs makes it easy for the prime contractor to lay off risks through a series of subcontracts (or “mini-PSAs”) with other agencies in the locality. Risks can be shared (as between a county and a district or a primary care trust) or laid off altogether (as where an authority adopted a target that might be down to the fire or police services to deliver). These possibilities were explored only to a limited extent in the first round, and in a rather haphazard way. There is huge further potential to syndicate risk around the main delivery agencies and down to the most elemental level of structures in the community – community groups, parish councils or schools – and indeed to frontline staff (via incentive schemes).

In the chapters that follow we will look first at the experience of localism in five very different local authority areas, and the construction that they put upon the word. Finally, we will draw those experiences together and see to what extent contracts for outcomes, reinvigorated and extended into new areas, can help to make smart localism a reality.

17 Many local authorities remain bashful and apologetic about their statutory leading role at local level.

Chapter 3

Is there any future for local government?

Before taking up his present job as director of the Tavistock Institute, Phil Swann was for many years director of strategy and communications at the Local Government Association. In this personal testament, he probes the conflicting messages that ministers send about their commitment to localism and the role that they see for local government. He concludes that a healthy democracy requires community self-organisation through flexible and organic structures, rather than mechanical, one-size-fits-all solutions imposed from the centre.

Is there any future for local government?

Phil Swann

Having spent 21 years working at the interface between central and local government, it is hard for me to be rational about the merits or otherwise of the “literacy hour” imposed in schools as part of the government’s national strategy for improving reading standards. I have lost track of the number of occasions on which its impact has been used by the more dirigiste ministers and their acolytes to justify the centralising tendencies of the Blair government.

A little-noticed Ofsted report, published in December 2004, illustrates both the strengths and weaknesses of the ministerial case for the literacy hour. On the one hand the report, *Reading for Purpose & Pleasure – an Evaluation of Reading in Primary Schools*, noted continued improvement in reading standards across the country. Yet as the chief inspector of schools, David Bell, noted: “Today’s findings are unacceptable. Although standards in reading are rising, we have yet to ensure that all our pupils are competent and confident readers by the time they leave their primary school. A stubborn core of pupils at the bottom end of the scale are being let down by the system.”

The fact is that centralised solutions such as the national literacy strategy simply cannot provide the responsive and flexible approaches that are necessary to meet the most pressing social policy and public service challenges. That conclusion can regularly be drawn from Ofsted reports, but it is also the case in relation to drugs strategies, the reduction of crime disorder and the fear of crime, the reduction of health inequalities, and the improvement of local quality of life.

This is not just the predictable claim of a supporter of local government (even one who is no longer on its payroll). The case for devolved, decentralised decision making and experimentation has a wide range of advocates. In her recent shot across the bows of western democracies, *Dark Age Ahead*, the American urbanist and community activist Jane Jacobs argues that the centralisation of decision making is one of the harbingers of a new dark age.

In his new book, *The Wisdom of Crowds*, the *New Yorker* journalist James Surowiecki identifies “diversity and independence” as being crucial to effective decision making, “because the best collective decisions are the product of disagreement and contest, not consensus or compromise”.

To substantiate his case Surowiecki cites an explanation by Thomas Seeley (the author of *The Wisdom of Hives*) of how a hive of bees locates the best sources of honey. Surowiecki comments:

What is important ... is the way the colony gets to that collectively intelligent solution. It does not get there by first rationally considering all the alternatives and then determining an ideal foraging pattern. It can't do this, because it doesn't have any idea what the possible alternatives – that is, where the different flower patches – are. So instead, it sends out scouts in many different directions and trusts that at least one of them will find the best patch, return, and do a good [waggle] dance so that the hive will know where the good food is.

The economist John Kay reaches a similar conclusion in *The Truth About Markets*, which he illustrates by comparing the UK's disastrous centralised decision to opt for advanced gas-cooled (or AGR) reactor power stations with the successful development of the PC, which emerged from a proliferation of experiments and innovations. Kay argues: "Because the world is complicated and the future uncertain, decision making in organisations and economic systems is best made through a series of small-scale experiments, frequently reviewed, and in a structure in which success is followed up and failure recognised but not blamed: the mechanism of disciplined pluralism."

Moving in the wrong direction

Against this background it is instructive to read the most honest speech about local government ever made by a secretary of state in the present government – Charles Clarke's speech to the national social services conference in October 2004. Clarke acknowledged that the history of the postwar period was one of the removal of local government powers, beginning with health in the 1940s, through to social housing, and higher and further education.

The then education secretary stressed the fact that a series of conscious decisions had been taken by successive governments to create structures outside local government: the NHS itself, the Manpower Services Commission in the 1970s and the Learning & Skills Council. Explaining these decisions, he cited economies of scale, unresponsive councils and patchy performance: "So central government came, in some areas, not to trust local authorities to deliver services which it saw as being central to the national good or to the particular governing party's political purpose."

Each step Clarke logged was a further step away from the pluralism and autonomy advocated by Jacobs, Surowiecki and Kay. In Kay's terms, more AGR, less PC. Clarke went on to paint a new role for local councils that would not, "for the most part", be about the provision of services. "It will increasingly be about commissioning and working with and through others – through the voluntary community organisations, private companies, co-operatives."

Applying his approach to one service area, childcare, he added: "This is not primarily about hands-on, day-to-day delivery. It's about managing the markets and local childcare. About leadership, brokering, commissioning and supporting children's centres, childminders and extended schools. And it's about making a reality of your role as the champions of parents and children."

Clarke warned that this role did not justify a power to require people to do things. "I believe it is through your leadership and the quality of your operation that you require authority, when you need consent and co-operation, rather than through your statutory powers."

In many respects the new Home Secretary's vision is an invigorating one. But probe a little deeper and significant questions emerge. What does "commission" mean in areas where most cash goes direct to the front line, as he planned for schools in his previous job? And what can a council do if, despite the quality of its leadership and its strength of argument, a key player wants to play a different game to a different set of rules? Further, there is little in what Clarke says that suggests a pluralist, locally diverse approach to policy making, which Surowiecki, Kay and others see as being so important.

Clarke's speech was also interesting in that it did not follow the tune piped by Labour's election co-ordinator, Alan Milburn, in many of his recent speeches. Since his decision to spend more time with his political colleagues, Milburn has stressed in a series of speeches the importance of the relationship between neighbourhoods, communities, the individual and the state.

Many observers have warned that Milburn's approach is more about bypassing local councils than enhancing their role. There is plenty of evidence for this, but it is also possible to paint a genuinely new, exciting and reinvigorated role for local councils in the context of a new settlement between the individual, the community and the state.

A new balance

But before getting carried away about what this strand of thinking might mean in a third term, it is important to note that this is not a new strand of thinking within the present government. John Reid, now Secretary of State for Health, made an important speech in May 2000. The speech was made to a miniscule audience in Labour's then Millbank headquarters – but that audience included Matthew Taylor (at that time director of the Institute for Public Policy Research), and party apparatchiks ensured that the speech was read by the residents of the Westminster village.

In that speech, Reid referred to the emergence of a “new balance between the individual, the community and the state”. He said that in the postwar period (the period in which the conscious decisions to centralise, to which Charles Clarke referred, took place), “too many of us became passive rather than active citizens. Individual and voluntary initiative was seen as unnecessary, even undesirable. The state would provide.”

Reid concluded:

The building of a strong civil society requires a new balance in the relationship between the individual, the community and the state ... Achieving such a balance involves a redefinition of the state's role ... People and communities will look to themselves as much as to the state to solve their problems. The state's task will be to enable and empower these individuals and communities.

Today Milburn is making uncannily similar speeches. The question is why so little progress has been made in the intervening five years. Why have ministers who are clearly committed to this approach failed in practice to trust local communities and their local representatives and too often opted for big state solutions? I am convinced that the answer to that question and the key to addressing it lies in politics and the political process.

Consider this:

Election 2005 already looks like a failed brand of soap, since so many people aren't buying any of it. Restoring credible accountability in the representative system, from the ground up, is the long way back to a robust democracy, for sure. But don't dismiss it as impossible.

I confess: I have misquoted. The reference was in fact to election 2000 (when Bush junior was first elected) and to the American people. But William Greider's forensic analysis of what he called "Clinton's lost presidency" has stuck in my mind since I first read it in the American political weekly, *The Nation*, a couple of months before the Labour Party's then local government officer drew my attention to the Reid speech.

In his piece, titled "Unfinished Business", Greider wrote:

This will sound corny – hopelessly romantic about America – but I am convinced that a general renewal of democracy (and the Democratic Party) will begin with the people, if it begins at all. That is, one political party or the other must decide to devote some portion of its gigantic cash flow to the unglamorous challenge of reconnecting with citizens at large – not through more opinion polls or focus groups but through listening and teaching, by discussing patiently the large and small priorities that matter to people where they live.

I share Greider's conviction, whether romantically corny or not, and think that his subsequent observation is equally applicable here, half a decade later. Citizens up and down the states were, he said, "trying to reknit the torn fabric of their communities, mobilise a genuine consensus for public action or demand a real voice in governing power". I am convinced that the extra step needed to restore faith in the political process in this country – and to ensure that Milburn's successor is not forced to repeat the Reid speech yet again in another five years, and to help us shift direction and move from (to use Kay's terms again) AGR towards PC – is the revitalisation of local politics.

And, in what will almost certainly be seen as a further admission of hopeless naivety, I think that the 10-year vision for local government, being developed by the ODPM could help to create the environment in which that revitalisation could happen.

The need to rebuild local governance

Some of the gloss has been taken off my optimism by the defeat of the proposal for a North East Assembly in the recent referendum. Not because an assembly would have been good for local government (the jury was still several nights in a hotel away from reaching a verdict on that one). But because the consequential reorganisation of local government would have provided an opportunity to rebuild a form of local governance fit for the 21st century.

Councillors could be elected in different ways. To ensure strategic leadership, real community engagement and effective accountability, the council executive could be elected on an authority-wide basis, while community councillors could continue to be elected at ward level. These community councillors could be given substantive roles on other local bodies, for example as school governors.

The services the new councils provide and the way in which they relate to the providers of other local services – health bodies, the police, local learning and skills councils – is essentially the result of historic accident and, as Charles Clarke conceded, political prejudice. In a new world, the balance between what councils and others do could be looked at afresh. The community leadership role, which all parties agree should form the core of what councils do, could be given statutory teeth. And the relationship between councils and local communities could be reshaped. Neighbourhood forums could be built into the new structure from the start, rather than being tacked on later.

In *The Shadow of the Sun – My American Life*, the veteran Polish foreign correspondent Ryszard Kapuscinski tells the story of the hole in the road to Onitsha, a small town in eastern Nigeria with the largest market in Africa. Driving into Onitsha, Kapuscinski got stuck in a massive traffic jam caused by a huge hole in Oguta Road. Looking around he noticed that the hole had become the epicentre of local life: “In the normally sleepy, lifeless backwater on the outskirts of the town, where the unemployed slumber in the streets and the packs of homeless malarial dogs roam, there arose suddenly and spontaneously ... a dynamic, humming, bustling, neighbourhood.” Unemployed men earned money by hauling vehicles out of the hole. Previously empty shops were full of customers from the immobile vehicles. Hotels sprang up. Garages did a roaring trade, as did the tailors, shoemakers, barbers and witch doctors.

Kapuscinski concluded:

In Africa all these professions are performed by people in motion. Wandering around, searching out clients, and if an opportunity like the hole on the road to Onitsha arises, they quickly congregate there in large numbers ... The curse of the drivers travelling to Onitsha became the salvation of the residents of Oguta Road and of this entire neighbourhood.

There was no hole-in-the-road task force. There were no protocols to be followed. But what happened worked. It suited the residents of Onitsha and it met the needs of the people on the road. The educational performance of the children highlighted by David Bell, and the continued viability of the political party and process to which John Reid and his colleagues have devoted their lives, depends on the people of Oldham or Oswestry having as much freedom to act to benefit their local community as was available to their fellow citizens in Onitsha.

Chapter 4

Developing contracts for outcomes in Kent

Kent County Council was one of those involved in the first round of local public service agreements. After the success of this early trial – with the council meeting 10 out of 12 targets – the county's approach of cascading targets from national to local priorities is being extended to local area agreements. Judy Doherty, policy manager in the council's central policy unit, describes how it works.

Developing contracts for outcomes in Kent

Judy Doherty

Ministers and government spending departments have acknowledged that the conventional machinery of national controls, targets, ring-fenced funding, inspection, audit and direct management from Whitehall are failing to deliver the improvements in public services that the public expects. The limitations of joining up government nationally have been recognised and there is a growing realisation that a new framework for local decision making and collaboration is needed.

Kent County Council has been developing its own particular blend of localism. It is centred on the belief that localities are fully capable of finding and implementing their own solutions to many of the complex problems that confront modern society. With strong leadership and close collaboration, Kent's local agencies are agreeing shared outcomes and discovering new and effective ways of meeting the needs of people. This is why Kent agreed to pilot the first round of local public services agreements (2001); pioneered and introduced public service boards (2003-04); and is now piloting local area agreements. Our aim is for the council to be able to influence the totality of public spending in Kent, some £7 billion, and to encourage all parts of the public sector to collaborate in the delivery of national and local priorities.

The successful outcome of the first round of local PSAs demonstrated the importance of joint working. Ten of the 12 targets were fully delivered and the council received a performance-reward grant of over £21 million. Much of this money was distributed to partners in recognition of their efforts.

During LPSA 1 we explored the idea of cascading targets to other parts of the public sector as a means of focusing innovation and energy on the outcomes in question. This successful approach is the subject of this paper.

Summary

We developed the model of contracts for outcomes, as a means of aligning public service energy and innovation behind identified priorities by encouraging a local articulation of those priorities. These elements come together in a form of bounded localism built on a series of cascading agreements, through which targets set at national and county level are identifiable but not identical.

In essence, we entered into a series of agreements with another partner, based on the LPSA model, and agreed to make a financial reward for the achievement of targets. For the county council this delivered commitment to and effort towards the success of our own PSA with government. For the partner, it brought the possibility of financial gain, but perhaps more importantly, it guaranteed the council's commitment to the pursuit of particular local targets. This element of mutuality was seen as marking a new kind of relationship between the tiers of local government.

The model can be thought of in terms of focus and resolution. The focus comes from high-level priorities for the county council, acting both as a partner for central government and as an advocate for the county. The county local strategic partnership, known as the Kent Partnership, works on a shared vision of the priorities for the county. The challenge lies in translating a shared focus into action. Actions at a subcounty level rely on resolution of the county priorities at a more local level, informed by consultation and participation. In this way the knowledge, understanding and ambition located within communities can inform the articulation of high-level targets at a very local level. At best, this can produce a potentiating effect, bringing additional resources and creativity to bear. The contract for outcomes becomes the potentiating tool.

Practical localism

Within the plethora of current writing on the concept of localism as it applies to government, two main elements emerge. Both seek to improve public services and to engage local people. Rhetoric around improvement of public services is always accompanied by a call for fuller integration; "joined up services". However, debate about the ways in which services are brought closer to communities becomes polarised as either devolution of existing or familiar structures to a more local level, or the involvement of local representatives, directly elected or appointed, in single-service boards or similar management structures.

The position in Kent is simple. Local government is the only wholly democratically accountable entity in the county. Local government has powers and duties of community leadership, and the well-being of its whole area, vested in it through the Local Government Act 2000. It should therefore be viewed as the prime agency in managing the relationship between public services, the creation of public goods and the public as taxpayers and consumers.

This position is manifested in a series of policies and behaviours:

- Hearing and responding to the local voice. Kent County Council has developed residents' panels that give us detailed feedback on priorities, services and accessibility. The panels are carefully selected to be representative of the county population as a whole.
- Making government more accessible. Council members discharge their duties at a county level but remain fully engaged with their constituencies through local boards. These are cross-party boards that meet in public at various venues within their local area. Each elected member has a small budget for investment in local priorities.
- Service organisation: the county/local axis. This axis has at one end a local public service board charged with setting the strategic direction of the totality of public spending in the county. Carrying through this vision of radically devolved public services, the other end of the axis is public services commissioned at the lowest possible level. In Kent this goes down to empowering individual choice through social care purchase cards, allowing for efficiency and economies of scale. The contract for outcomes could be visualised as the fulcrum or balancing point in this arrangement. As a pilot area for local area agreements, we see this approach growing in importance.
- Balance of funding. The degree of mismatch between where funding is raised and where it is spent will continue to be one of the greatest bars to the realisation of practical localism and to sustainable efficiencies in service delivery.

Background and context

Kent County Council is an upper-tier shire authority having within its boundary 12 district and borough councils and eight primary care trusts, covering a total population of some 1.35 million. Kent is strategically placed between London and Europe, with good transport routes. It is facing the challenges of unprecedented growth in housing and infrastructure combined with changes in its traditional economic base of manufacturing, coal mining and shipbuilding. Its coastal areas in the east and north contain communities of particular need, having within them some of the most deprived wards in the country as measured by the index of multiple deprivation.

Demography, economic disparity and proximity to London combine to produce some particular issues of local importance. There are high numbers of looked-after children (approximately 6% of all children in care in England are living in Kent), many of whom are placed into the county by other local authorities. The 2001 census shows increases that are well above the national average in the number of elderly and the number of

vulnerable children and young people. Tellingly, we have a combined spend on welfare benefits in the county that is greater than the spend on any other public service.

These are just a few of the factors that have informed the overarching strategic direction within the county; that of the Supporting Independence programme, which seeks to help people escape poverty and dependency, supporting them into employment and independence. This is the yardstick by which we judge our policies: will they help individuals, families and communities towards increased fulfilment, employment and independence from the state? This has guided innovative approaches to services. In particular we have a twofold approach that is localist in principle and in effect. We concentrate on giving individuals as much say as possible in the services they receive, through direct payment and user participation and the new technology of assistive living and telehealth.

Across Kent we have a wide diversity of prosperity and different communities. We have brought significant resources to bear on understanding the interplay between people and place. The barriers faced in one neighbourhood may relate to a lack of suitable childcare; in another community it may be access to financial services; in another it may be an overall skills gap. This local analysis is reflected in the contract for outcomes.

The Kent PSA

The authority was in the vanguard of a small group of local authorities that signed LPSA 1 with central government in 2001. Kent County Council had chosen not to take part in other pilot schemes, such as beacon councils or Best Value. But we were attracted by the outcome-based approach of public service agreements, and the ability to choose our own targets.

We set clear criteria for the selection of targets: they must match our own established targets; they must be genuinely stretching; each council department must have at least one target; each partner – health, fire and police – must be involved and have one target; targets should have the potential to attract freedoms; and targets must be achievable. Finally, they should be part of a cohesive whole outcome of "reducing dependency, increasing employment and fulfilment". The prototype of the contract for outcomes was contained within LPSA 1.

Recognising the particular needs of the coastal towns in the east of the county we included a suite of convergence targets focused on Thanet (Margate and Ramsgate) and Shepway (Folkestone and the Romney Marsh) district council areas. With the full

agreement of those district authorities, we undertook to concentrate on delivering public service outcomes in those two areas that would be significant in their own right, while also narrowing the gap between those districts and the rest of Kent.

LPSA 1 has been a huge success for the county. Ten out of 12 targets have been achieved, bringing an additional £21 million into the county. This money, coupled with the innovative behaviour changes that achieved the targets, has supported a shift in resource allocation towards preventative services. Most importantly it has changed people's lives directly. Vulnerable children have been helped towards stability through a dramatic reduction in the numbers looked after by the local authority coupled with a doubling in the rate of adoptions. All communities in Kent have benefited from a significant reduction in public disorder and a substantial decrease in the reoffending rate of young offenders. Older people's independence has been protected by the ways in which we worked to reduce admissions to nursing and residential care. Agencies worked together to achieve dramatic reductions in death and injury through fire and road casualties.

The county council used the PSA model with central government to develop a series of underpinning bipartite agreements or "contracts for outcomes" with partners. These agreements have been made with district and borough councils and with schools and school clusters. In principle, the model could be used to enter into agreements with any potential partners, but the appeal of county to district agreements lies in the paramount position of local government in its community leadership role.

Cascading the model

Contracts for outcomes are voluntary agreements, designed to mirror the county council's agreement with the government by:

- being a suite of stretching targets which have particular relevance for the district;
- including about six targets with direct relationship to LPSA 1 targets and two which reflect the district priorities;
- delivering the incentive through performance-reward grant paid for achievement with only very limited upfront financial investment;
- providing further incentive by agreeing to align the effort of the council's staff and departments behind the district achievement, but leaving the means of achievement to the district and its partners.

The rationale for the development of district and other mini-PSAs is to bind in the effort of as many partners as possible behind the pursuit of PSA targets, recognising that the levers, powers, duties and funding mechanisms are not all located within the county council. They should align the priorities of different agencies and result in higher-quality and more efficient services to residents in Kent. Further, at a time when the concept of localism in public service agreements is much discussed but inadequately defined, the agreements provide a model for localism that recognises the need for strongly bounded horizontal relationships with a clear strategic link to government and county targets. Many targets in district PSAs are the local articulation of county and national priorities. It is this local articulation of problem and solution that is the strong appeal of cascading PSA within a democratically accountable framework.

To give an example of the way in which targets can be cascaded, we could consider the central government target to reduce child poverty. At a county level, this has been translated into a number of targets within the Supporting Independence programme. Within Kent's second-generation PSA this has been articulated as a number of targets relating to education, a secure childhood, skills acquisition, and helping vulnerable adults to make the transition from benefits (particularly incapacity benefit) into paid employment. The form that the supporting target takes at district level will depend on local information, local needs and the priorities expressed within the local community plan. Examples might include a target related to increasing the uptake of childcare, housing stability and housing benefit, or to the shape of family services within schools in the locality.

Some of these targets can be achieved by the contracting partner alone. In other situations, strong partnership arrangements at the district level will be critical. The district suite of targets can serve as the focus of activity for the district local strategic partnership. Financial reward is paid directly to the contracting partner, but there is freedom locally to reward other partners through a shared approach to investment of the money or through direct payment.

At the time of writing, we have three live agreements with district and borough councils (Swale Borough Council, Sevenoaks District Council and Dover District Council) and a series of agreements, relating to better outcomes for children, with individual schools and with groups of schools covering a particular locality. High-level targets are supported at local level by a range of stretch targets, including increasing parental involvement in schools (the Dover agreement); increasing the amount of recycled household waste (the Swale agreement) and increasing volunteering in the community (the Sevenoaks agreement).

Looking forward

Kent County Council is entering the final stages of negotiating a second-generation local PSA, with district and borough involvement being given a heightened emphasis by the ODPM. We are also a pilot authority for local area agreements. The county local public service board is merging the LPSA 2 and local area agreement targets, underpinning them with a series of contracts for outcomes and freedoms and flexibilities.

The model of cascading contracts for outcomes that is in development in Kent could serve as a useful model for a form of “bounded localism” in the way that it attempts to finesse the perceived gap between high-level, national strategy and targets and local autonomy. It offers the opportunity for key national and county targets to be cascaded through a series of such contracts to the lowest possible level, for the delivery of excellent services that actively engage the public as service recipients.

Chapter 5

The Wigan way

Wigan Metropolitan Borough Council is regarded as being one of the authorities at the forefront of community leadership. Rated “excellent” in the comprehensive performance assessment, it practised a robust form of partnership with other agencies in its area long before this became fashionable or mandatory, through an informal system of cross-membership and personal networks. In this article, council leader Peter Smith reviews this history and describes the latest developments of the Wigan approach into township and neighbourhood forums.

The Wigan way

Peter Smith

Back in the early 1990s a popular local police commander used to talk about something called “the Wigan way”. It was his way of describing our approach to partnerships. While it had a strong element of innovation and risk taking, its primary approach was something you might describe as evidence-based pragmatism.

Partners were keen to work together as long as it made things happen. They had developed strong working relationships, were keen to share information and were not defensive about management and operational roles. This attitude helped to ensure that we achieved a shared appreciation and understanding of local issues and a common, partnership-based approach to joint action. (A simple example of how this worked in practice is that in those early days the council supplied the police with computer equipment to support their crime analysis team.)

In many ways, that attitude towards partnership working is still at the heart of our approach to localism. It doesn't really matter who does something – but it does matter that it is led, managed and deployed effectively.

Leadership

Underpinning this approach was a clear (but subtle) leadership style. Throughout the 1990s, as the move towards partnerships and multiagency working had developed, I – as Wigan council leader – supported an empowerment-based approach. New working arrangements were supported and emerging partnership groups were encouraged to take responsibility for their own decisions without having to defer through traditional structures or committees within the council. A good example of this was the Wigan Borough (Economic) Partnership. This partnership established a “one-stop shop” approach to support local enterprise and regeneration – with a focus on swift results and making a major impact in changing the image of the borough. Many of these initiatives were highly dependent on external funding and special government programmes. For many years this system worked exceptionally well, until regional changes and amendments to adult training funding moved this work to a subregional basis.

In 1999 a new strategic overview body was formed. The leaders' forum was established, bringing together key people from all sectors to act as both an advisory group and a think tank, and also to take overall responsibility for joining up all the strands of local

partnership working. The forum guided work across all thematic areas through a network of seven partnership groups. It also encouraged innovation at local neighbourhood level, through the development of an innovative approach to community networking. When local strategic partnerships were introduced in 2001, the leaders' forum was already well developed to meet the requirements of this role. Although in many areas local strategic partnerships have tended to move to become quasi regeneration partnerships – sometimes focusing on just neighbourhood renewal – in Wigan the local strategic partnership continues to sustain a comprehensive view of the whole mainstream agenda.

Grassroots work

At the same time as strategic-level partnerships were being developed, the council was also innovating at a grassroots level. Pilot community-mapping schemes were established in a series of neighbourhoods. Working with elected members, a joint team of council officers working with the local council for voluntary service helped to identify early community leaders from a range of sectors. The key principle we encouraged from the start was to enable people to investigate and “map” their own communities as the basis for long-term forward planning. This principle of participatory appraisal was deployed in several other parts of the country. In Wigan we sought to embed it into the earliest stages of work at grassroots level.

The learning from that early grassroots work formed the basis of our townships programme, established in 2002. Wigan borough is the largest geographic district in Greater Manchester, made up of a complex set of towns and settlements with strong and independent identities. Our work respected that tradition and sought to build partnerships between local grassroots and the wider borough context. The council chose not to establish any area committee or other area structures.

Our 10 township forums were developed in the partnership arena and are now configured as “mini-LSPs”. They report directly to the local strategic partnership and are responsible for producing their own local plan within the community plan family. The council recognises that in governance terms this is a very distinctive approach. For elected members, in particular, this really is both a challenge and an opportunity for them to demonstrate and develop their community leadership roles.

A good example of how township working has made a wider impact is the way that a series of major services (including police, primary care trusts and Connexions) have reconfigured their planning and service boundaries to align closely with the new township definitions.

In terms of localism, this approach to mainstream partnerships in localities is both innovative and challenging. The township forums have very little funding of their own: their attention is focused on delivery of mainstream services – and in demonstrating the accountability of local service providers to local people. In the context of the emerging local area agreements, this form of accountability for the wider range of public sector providers is likely to be very important – in terms of assessing local need, setting priorities and ensuring effective monitoring and evaluation of key activities.

In addition to public-sector delivery, we also recognise the potential for township forums to support and encourage new service provision by community and voluntary sectors. In an area like Wigan, where the third sector has traditionally not had a high profile, the opportunity provided by the emerging Change Up agenda provides a valuable chance to deploy our partnership approach at grassroots level.

What has changed – and what have we learned?

Local government and partnership working has developed significantly in the past seven years. Partnership working is no longer an optional extra. Local strategic partnerships are now a prerequisite: accredited by regional government offices and reviewed by the Audit Commission. The assumption from government is that any new initiative needs to be configured in a partnership model. The emerging Children's Act requirements for joined-up services for young people will mean massive changes for delivery of services. Over time it is inevitable that the same changes will also apply in the adult sector, as health and social services align even more closely.

The "Wigan way" means that, in all of these areas, the development of new approaches is well under way. It also means that we already have strong operational connections between the services – and between the people who work in them. We recognise that they work best when people want to be there rather than being expected to be there.

It can be hard to convey the reality of what these close working relationships mean in practice. In a recent twinning programme with Leicester City Council, one of the comments made about Wigan in the evaluation report was: "Good range of presentations which highlighted strong partnership working within Wigan. This is something we can learn from – and use here."

It is hard to generalise about what good working relationships mean. But for Wigan they are the critical part of ensuring good-quality delivery at a local level. It is about

understanding each other's problems and pressures, but still working together for the benefit of the borough.

How do we describe our approach?

We tend to describe our work in five layers, ranging from the strategic-level local strategic partnership (locally called Wigan Borough Partnership) to the individual in their own home. We have tried to understand and pattern our way of working to ensure that all five

Figure 1: How localism works in practice, using the example of community safety

Level	Examples of what this means in practice in community safety	How do they address the localism challenge?
Local strategic partnership (1)	Wigan Borough Partnership	<ul style="list-style-type: none"> • Strong strategic "whole system" overview • Links all parts of the local strategic partnership together • Promotes horizontal as well as vertical dialogue • Quarterly workshops • Annual partnership convention
Thematic partnership (7)	Community Safety Partnership	<ul style="list-style-type: none"> • Mature partnership • Statutory functions • Integrated all key elements of operational management – crime and disorder reduction partnerships, drug action teams, youth offending teams, and so on
Township forums (10)	Township community safety groups	<ul style="list-style-type: none"> • Local co-ordination; setting local priorities; ensuring effective interagency co-operation; alignment of boundaries • Ensures that partnership objectives are articulated in terms of local deployment
Neighbourhoods (60–70)	Police-led national intelligence model deployed at grassroots level to assess problems, agree priorities and actions	<ul style="list-style-type: none"> • Key issues addressed in standardised approach in all neighbourhoods • Ensures effective use of information • Intelligence-led priorities and resource decisions
Individuals (301,000)	Long-term, area-based initiative. Community partnership focusing on development of long-term protective measures	<ul style="list-style-type: none"> • Long-term research/learning-led project in small neighbourhoods • Detailed analysis of individual/household issues and patterns of behaviour • Community engagement in local activities to secure long-term change and strengthen community infrastructure

levels are targeted in each of the key thematic areas. It is about understanding “what’s in it for them” – whoever “they” may be.

Does our approach work?

The evidence suggests that while our approach is often low-key and the resource base for Wigan Council is low compared with other areas with similar demographics and levels of need, we are performing well in our move to localism.

- Wigan Council has been rated “excellent” in the most recent comprehensive performance assessment and our local strategic partnership was given a “green” rating in the 2004 traffic light assessment.
- Feedback from partners in the local strategic partnership during self-assessment suggests that partners sense a real change in the way that the council is communicating at a local level.
- Our performance on crime reduction has been very good, especially considering our low resource base. For example, vehicle crime dropped by 20% between 2001 and 2004.
- There has been significant growth in the number of people participating in community-level partnerships and governance arrangements (as well as an increase in the number of local opportunities).
- The number of active community and voluntary groups applying for grant aid support has grown by over 25% in the past three years.

Conclusions

Across the country you will see many different approaches to localism. In Wigan you will find the key to our approach in our partnerships.

For us, partnership is about dialogue and mutual accountability. For this reason, our local strategic partnership is not simply a decision maker or manager (although it does these things when needed). Individual partnerships are expected to take responsibility for their own area of activity – engaging the help of partners as needed. Partners accept responsibility for implementing decisions in their parent organisations and communities.

Our local strategic partnership focuses its energy on strategy and influence. Wigan is distinctive because this approach provides the context for a very transparent style of community leadership. It is not domineering or directive, it is based on trust and that sense of pragmatism that the police commander felt was so special.

So when the council needs to take the lead – as with the local area agreement – we do. But when we need to make sure that our community safety approach is really getting to grips with the perceptions and feelings expressed by local people, then we ensure that practitioners and local leaders are both empowered and accountable.

If you want to know why it works – it's because “we work for Wigan”.

Chapter 6

Making sense of localism in Wakefield

Wakefield Council chief executive John Foster and assistant chief executive Steve Stewart describe how an authority rated “poor” in the comprehensive performance assessment is turning itself around by focusing its efforts on the little things that matter most to citizens in their own localities – the street scene and their sense of ease. Local initiative and community engagement enables Neighbourhood Action squads to be deployed responsively where they are most needed.

Making sense of localism in Wakefield

John Foster and Steve Stewart

Managers in local government, according to MORI research, are trusted less than councillors and our employees.¹⁸ Our role is to provide high-quality services while maintaining low tax levels, and we have to help stimulate community leadership. Community leadership cannot be successful unless we get the basics right. We need to re-establish the link in citizens' minds between their relative satisfaction with our services and our role as institutions of local democracy. Trust and respect will lead to a greater legitimacy and citizen consent for enhancing public service delivery in new ways.

At a local level, we also contend with the requirements and expectations of Westminster, Whitehall and the many inspectorates. Can organisations with these external dependencies be entirely successful? When we get it right, and we often do, we make a real contribution to the quality of people's lives and improve their perception of us and our organisations.

Localism is a difficult word to define, especially in our centralised unitary system. It is more difficult when prefixed with the word "new". It takes a number of different forms. As originally developed, it is about devolution to frontline managers, local democratic structures and local communities within a framework of national standards.¹⁹

Within the debate there are several variations. One line places more importance on the role of councils as community leaders and as commissioners/providers of services.²⁰ Some want an increasingly more direct role for citizens and the voluntary sector in local production and consumption processes.²¹ Others prefer to look at this from the perspectives of choice and contestability,²² while the ODPM steers a sensitive course between all of these.²³ There is a Conservative version of new localism involving "denationalisation", increased local taxation and a new perspective on diversity, which some interpret as a rebranding of 1980s-style neoliberalism.²⁴

18 *What Drives Public Satisfaction with Local Government?* (Local Government Association, 2004).

19 Corry, D, Stoker, G *New Localism: Refashioning the Centre-Local Relationship* (New Local Government Network, 2002).

20 *Devolving Decision Making 1 – Delivering Better Public Services: Refining Targets & Performance Management* (HM Treasury/Cabinet Office, 2004).

21 Alan Milburn MP, "Localism: The Need for a New Settlement", speech to Demos, 2004 (www.demos.co.uk/SpeechbyRtHonAlanMilburnMP_doc_media_public).

22 Tony Blair MP, "Key Principles of Public-sector Reform", speech, 2001 (www.number10.gov.uk/output/page1632)

23 *The Future of Local Government: Developing a 10-year Vision* (ODPM, 2004).

24 Bernard Jenkin MP, "Real Decentralisation: The Denationalisation of Local Government", speech to New Local Government Network, 2004 (www.nlgn.org.uk/mod_media_speeches.php?article=24).

More recently, the localism debate has been viewed in the context of newer perspectives on choice, personalisation and public value. Barry Schwartz tells us that choice is not always a good thing,²⁵ while Charles Leadbeater presents the idea of personalisation as a potentially powerful solution to problems of public service delivery.²⁶ Indeed it can be, but Stephen Byers has highlighted the difficulties of personalisation in relation to services that are consumed collectively.²⁷ It is these services, broadly defined by the terms "liveability" and "public realm", that citizens value most highly and that, if done properly, will increase public satisfaction with councils not just as service providers, but also as institutions of local democracy. In this miasma of concepts, initiatives and competing pressures, what follows is an example of how we have sought to make sense of localism in Wakefield.

Finding our focus

The 2002 comprehensive performance assessment process resulted in Wakefield being judged one of the 13 poorest authorities in the country. Our mission was to be more citizen-focused. New corporate structures and processes were quickly established in key areas such as performance management, communications and partnership working. Our challenge to re-energise the organisation was helped by the desire for change in the workforce and the political leadership.

We identified four key values. We wanted to be strategic, corporate, citizen-focused and continuously improving. We identified strategic priorities, one of which was liveability. People wanted us to do something about the state of the environment and rising levels of crime and antisocial behaviour. This was confirmed by engagement with councillors, employees, partners and citizens, especially younger people, who are the key stakeholder group in our community strategy, *Fast Forward*.²⁸

We needed quick, visible results, and that is how Neighbourhood Action came into being. The initiative is conceptually simple. We have created multiskilled, multitask teams, who visit an area of the district for two weeks at a time and undertake a blitz of liveability improvements. They do anything and everything to clean up the area, and then move on

25 Schwartz, B *The Paradox of Choice: Why More is Less* (HarperCollins, 2004).

26 Leadbetter, C *Personalisation Through Participation: A New Script for Public Services* (Demos, 2004).

27 Stephen Byers MP, "Debate and Decide the Role of the Market: Choice and Diversity in Public Services", speech to Castle Point Constituency Labour Party, 2004 (www.epolitix.com/EN/MPWebsites/Stephen+Byers/62ccbd7d-a411-4555-88c5-422e4966bfa4).

28 *Fast Forward: The Wakefield District Community Strategy* (Wakefield District Local Strategic Partnership, 2003) (www.wakefieldlsp.org.uk/community).

to another area. They work jointly with the police, other agencies, and local people, in a co-ordinated effort to secure immediate, visible improvements, which in the past might have taken months and would have been dealt with by separate organisational silos. These teams are supplemented by rapid response teams that will deal with issues as they occur, on a 24/7 basis.

The programme deals with litter, fly-tipping, graffiti, dog fouling and abandoned vehicles, as well as tackling low-level antisocial behaviour such as noise nuisance and off-road motorbiking. The immediacy of action in response to complaints is crucial in gaining people's confidence. Our partnership has enabled Neighbourhood Action to respond swiftly and effectively to local community concerns. It has markedly changed residents' attitudes to the local environment and perceptions of the council.

Everyone involved in Neighbourhood Action has risen to the challenge of making it a success and it has exceeded all expectations. Regular engagement with the local community is critical to its success. Our district is a mix of urban and rural communities, where a "one size fits all" approach does not work. Involving local neighbourhoods directly with the teams doing the work is a special feature of Neighbourhood Action.

How it works

The service is seamless and easy to use. Citizens can contact Neighbourhood Action via a dedicated telephone number. The call centre has an automatic call distribution system to ensure efficient answering, with 91.7% of calls answered within 15 seconds and responded to within six hours.

We are using the success of Neighbourhood Action to include the core services of street cleaning and grounds maintenance, through 15 multifunctional neighbourhood environment teams. West Yorkshire Police is also looking to turn its Wakefield division into a model for community policing, based on Neighbourhood Action.

Antisocial behaviour is being addressed by a combination of new and reconfigured services established in a new enforcement division. A night-time noise team operates from 8pm to 2am at weekends, when most nuisances occur. Neighbourhood patrollers are a uniformed service providing a reassuring presence seven days a week. The patrollers were one of the first teams in the country to be approved under the national community safety accreditation scheme. The council, police and the local strategic partnership are jointly funding three mobile Neighbourhood Action stations to tackle local crime.

We are learning from local citizens' feedback to improve the service. For example, the Neighbourhood Action stations are being used to develop community capacity, such as Neighbourhood Watch schemes and responsible citizenship work with schools. Through partnership between the council and the police, new multiagency groups have been set up in each community safety area to deal with antisocial behaviour and to provide reassurance.

A major strength of Neighbourhood Action is in responding to issues identified by the community. Before work starts in neighbourhoods, local people and ward councillors are invited to "walk through" to identify the priority sites. Work is agreed and then scheduled over two weeks, ensuring that the work carried out has the greatest environmental benefit for the locality.

This co-operative way of addressing local problems is proving to be very important in developing capacity. For example, Wakefield's Agbrigg community group helped in a targeted clean-up of a particular area by personally contacting all the residents about alternative parking, to enable Neighbourhood Action to move in. These arrangements are being extended to other streets in the area.

On site, the team supervisor has the flexibility to use the team as needed and has access to plant and machinery to carry out larger-scale works. This flexibility has been widely welcomed by both the team and residents of the area. The success of Neighbourhood Action is due in large part to the empowerment of frontline workers. Despite their experience of dealing with the public, their skills and knowledge have often been overlooked. Employees are encouraged to be the council's eyes and ears, to help address the wider concerns and share information and intelligence with the police and other partners.

Successes so far

In the first year Neighbourhood Action dealt with:

- over 9,000 calls;
- over 1,800 fly-tipping incidents;
- 511 litter problems;
- 4,698 needle finds; and
- 312 instances of graffiti.

The service has recovered:

- 2,496 tonnes of general waste;
- 650 tonnes of brick and rubble;
- 8,236 tonnes of green waste;
- 7,667 tyres;
- 380 tonnes of wood; and
- over 1,000 fridges/cookers/TVs/washing machines.

Other achievements include:

- 2,996 noise complaints dealt with;
- 33 antisocial behaviour orders executed;
- 78 acceptable behaviour contracts agreed;
- 111 warning letters sent to combat offroad motorbiking;
- seven arrests;
- seven motorcycles seized;
- 62 noise abatement notices served;
- 15 hi-fi systems seized;
- five house alarms disconnected; and
- 12 successful court actions for noise nuisance, three pending and two formal cautions issued.

Between November 2003 and March 2004, priority crime was reduced by 9.1% and antisocial behaviour and youth nuisance by 2.1%. Recorded crime fell by up to 46.3% in neighbourhoods where Neighbourhood Action stations had been located.

Six months after the campaign's launch, MORI's survey showed that 54% of residents had heard of Neighbourhood Action; 22% said the cleanliness of the environment had improved and 28% felt that the council's response had improved compared with the previous year.

Neighbourhood Action is partnership working at its best. It is a model for other services to follow by being more citizen-focused and cross-cutting to deliver better, more effective services.

Lessons learned

What we have learned about localism is that decision making should be as close as possible to the point of delivery. This is not a concept that is unique to the public sector. We know that local decisions and choices need much-improved systems of communication. Engagement with partners and citizens as service users is an absolute precondition for choice, and we can improve people's perceptions of us through better engagement. Differing levels of engagement will facilitate greater or lesser degrees of choice. Simply by providing quality information, people can be better aware of choices made on their behalf. At the higher levels of engagement the role of the local state changes, from control, through co-ordination to support, and creates a greater understanding of who is accountable for decisions.

There is something here for all the flavours of localism, but one factor is blindingly obvious. For localism to work, it must be local. The challenge for institutions of the central state is to ask how they can support these processes and whether existing approaches are doing that. Although the perennial dilemmas of central-local relations remain, there are encouraging signs. The genesis and development of local strategic partnerships, and for some the relative freedom of the neighbourhood renewal fund, has been a critical success factor. We have been able to display a degree of agility that might not have been possible without it. This is real, partnership-based, joined-up service delivery, without the need to engineer massive realignments to be able to respond to emerging legislative proposals.²⁹

But most importantly, the Wakefield story is only one example of what is happening in many other places around the country. It shows that local institutions can be responsive and flexible to citizens' needs and re-energise their enthusiasm for council services and local democracy. A key principle of the Wakefield engagement framework is that citizens should be able to choose how they are engaged with and the degree to which they become involved.³⁰

However, it is not sustainable to suggest that by developing citizens' skills and capacity, they will necessarily want to assume control over the running of local services. There is also the question of inclination. Many people are content for local institutions to provide

²⁹ *Building Communities, Beating Crime: A Better Police Service for the 21st Century* (Home Office, 2004) (www.policereform.gov.uk/docs/prwp2004).

³⁰ *Wakefield Engagement Framework* (Wakefield District Local Strategic Partnership, 2003) (www.wakefieldlsp.org.uk/EngagementFramework.pdf).

or commission services on their behalf, so long as there is an opportunity to have some involvement in production processes and so influence decision making. Where people show an inclination to have greater involvement, then we should of course be flexible and able to respond. But this will vary within neighbourhoods and communities of interest to a degree that suggests that for localism to be truly smart it needs to be capable of infinite variation.

For the future, there are promising signs that newer forms of central-local relationships are emerging. Government policy is recognising that many of its national public service reforms can only be delivered locally, although there are still debates about the form and nature of local delivery vehicles. One of the key mechanisms will be the new phase of local public service agreements and the even newer local area agreements. The timing could not be better for our new local PSA, due to go live in mid-2005.

With Neighbourhood Action we have developed and encouraged innovative and creative ways of thinking about service delivery. The Wakefield local PSA will extend these new ways of thinking into more personalised areas, such as basic skills, employability, drugs and domestic violence. The concept will be facilitated by freedoms to undertake more sophisticated forms of data sharing to allow us, with partners, to develop customised service packages, with enhanced citizen choices.

Our focus will be the family unit, however dysfunctional, because we cannot successfully deal with the problems faced by an individual citizen (a child) without also addressing the personal hinterland within which they exist. To protect children from harm and increase their life choices we must also deal with the problems faced by their parents, guardians and siblings. Through early intervention, we will be able to support citizens to improve their quality of life at the same time as generating efficiency gains for the state. At the time of writing, we still have to negotiate specific freedoms around this.

There are some concerns, shared across local government, that – as with other recent central initiatives – a generally excellent concept may become flawed in its execution due to the unwillingness or inability of some to engage with it fully. We, and others, have shown that we can increase trust through engagement and empowerment, and there are clear lessons for central government there.

References

- Building Communities, Beating Crime: A Better Police Service for the 21st Century* (Home Office, 2004) (www.policereform.gov.uk/docs/prwp2004)
- Blears, H *Communities in Control: Public Services & Local Socialism* (Fabian Society, 2003)
- Stephen Byers MP, "Debate and Decide the Role of the Market, Choice and Diversity in Public Services", speech to Castle Point Constituency Labour Party, 2004 (www.epolitix.com/EN/MPWebsites/Stephen+Byers/62ccbd7d-a411-4555-88c5-422e4966bfa4)
- Devolving Decision Making 1 – Delivering Better Public Services: Refining Targets & Performance Management* (HM Treasury/Cabinet Office, 2004)
- Fast Forward: The Wakefield District Community Strategy* (Wakefield District Local Strategic Partnership, 2003) (www.wakefieldlsp.org.uk/community)
- Tony Blair MP, "Key Principles of Public Sector Reform", speech, 2001 (www.number10.gov.uk/output/page1632)
- Alan Milburn MP, "Localism: The Need for a New Settlement", speech to Demos, 2004 (www.demos.co.uk/SpeechbyRtHonAlanMilburnMP_doc_media_public)
- Corry, D, Stoker, G *New Localism: Refashioning the Centre-Local Relationship* (New Local Government Network, 2002)
- Leadbetter, C *Personalisation Through Participation: A New Script for Public Services* (Demos, 2004)
- Alan Milburn MP, "Power to the People: The Modern Route to Social Justice", speech to Social Market Foundation, 2004 (www.labour.org.uk/ac2004news?ux_news_id=amsmf04)
- Bernard Jenkin MP, "Real Decentralisation: The Denationalisation of Local Government", speech to New Local Government Network, 2004 (www.nlgn.org.uk/mod_media_speeches.php?article=24)
- The Future of Local Government: Developing a 10-Year Vision* (ODPM, 2004)
- Schwartz, B *The Paradox of Choice: Why More is Less* (HarperCollins, 2004)
- Williams, J, Stoker, G, Filkin, G, Wilkinson, G *Towards a New Localism: A Discussion Paper* (New Local Government Network, 2002)
- Wakefield Engagement Framework* (Wakefield District Local Strategic Partnership, 2003) (www.wakefieldlsp.org.uk/EngagementFramework.pdf)
- What Drives Public Satisfaction with Local Government?* (Local Government Association, 2004)

Chapter 7

Smart localism in Camden

London Borough of Camden Council was one of the first local authorities to grasp the potential of local public service agreements. In this chapter, council leader Jane Roberts discusses PSAs, local strategic partnerships and local area agreements, and the relationship between them and neighbourhood governance.

Smart localism in Camden

Jane Roberts

I have a pretty simple understanding of the term “localism” – whether “new” or “smart” – the notion that, in the inevitable tension between central and local decision making, there should be a move towards the local. Or, as the National Health Service puts it, “shifting the balance of power”. But let us not kid ourselves that this is a new idea: it is a continuing iteration of the discussions that will always take place between central and local decision makers. I am curious, therefore, about why it has sparked such an intense debate. In my view, it is a side issue compared with more fundamental issues facing local governance. Perhaps it is just that central government, full of commendable zeal and vigour to improve public services, has come to realise, with some surprise, that it simply does not have all the necessary levers to pull.

Let us start from first principles: What are we trying to achieve at a local level? What are the obstacles to our task? I am surprised how rarely these simple questions are asked.

Of course, councils should seek to deliver the highest possible quality of public service, to all, in as co-ordinated a fashion as possible. And this is by no means always a straightforward task to define or deliver. But as well, we all need to be able to make sense of how local democracy works and feel confident that we can get involved in a variety of ways if and when we wish. Councils need to make it easy for people to understand how change comes about at a local level and how they can get involved. It is the “how” as well as the “what” of service delivery that can really make a difference. The quality of the interaction between a council and its citizens is key: the proactive offer of information, explanation and dialogue; the openness to different voices and views; and the responsiveness and reciprocity of the interaction.

Not only does this mean that local services are likely to be more geared to local need, but also the act of involvement and engagement itself can facilitate a sense of local ownership and agency. A sense of agency – the notion of having some meaningful control, individual or collective, over the lives that we lead – is crucially important for our well-being. This is not unrelated to the major challenge we face in many areas of maintaining social cohesiveness. In a fast-changing, often mobile world, it is easy for people to feel dislocated from what is going on around them and come to feel disengaged from their neighbours, their wider community and the political process.

The problem of trust

Central government, however, seems primarily to be motivated by an anxiety about the performance of local government in delivering services. This often remains implicit publicly, but an “elite contempt”³¹ radiates through from some in central government, civil servants and most of the media. Charles Clarke MP, however, was, helpfully, much more explicit in his speech to the Association of Directors of Social Services in autumn 2004: “So central government came, in some areas, not to trust local authorities to deliver services.” At last, out in the open. I think that these concerns about performance should be brought clearly out and tackled head on. Otherwise we are continuously skirting around the real issues and are then surprised when we fail to address them.

We should acknowledge both that the majority of councils provide good or excellent services, usually in a far more co-ordinated manner than central government, and that local government is unquestionably improving across the board. There is more evidence to back this up than there is about the performance of central government and its delivery agencies. We should not be afraid to acknowledge also, however, as in other institutions both private and public, that the performance of some councils has been – and, in a smaller number of cases, remains – low. What really drives the performance of local authorities? The Audit Commission³² underlines what I have tediously and repeatedly asserted: it is able members and high-calibre officers working together, with trust.

Unless you have these basic ingredients – quality members and officers working well together – all the inspections, audits and scrutiny in the world will not of themselves do the trick. And what is the obstacle to people of calibre coming into local government, whether as councillors or officers? Well, the poor image and perception of local government itself, and the striking invisibility of local government in the normal political discourse of this country. Although public service jobs are becoming increasingly popular with graduates, according to *The Times*’ top 100 graduate employers list for 2004, local government (through its national graduate development programme) only just makes it into the top 50. The NHS, the civil service, the BBC and the army have all made it into the top 10.

Let me now more obediently return to the parameters of the debate in this publication: we should recognise that there will always be a tension between central and local government. Around 25% of government expenditure passes through local councils, and

31 Stewart, J *The Nature of British Local Government* (Macmillan, 2000).

32 *A Picture of Performance: Early Lessons From Comprehensive Performance Assessment* (Audit Commission, 2002)

the political battleground is focused relentlessly on public services. So, with what appears to be an intolerance in the UK to significant differences in public service from one place to another, and with no defined constitutional place for local government, an end to a continuing tension and engagement on both sides is inconceivable. But let us have a conversation that takes us somewhere other than just skirmishing with tanks and lawns. Let us accept that there will inevitably be a tension between local and central government and harness its potential creativity.

Local PSAs: successes and limitations

The considerable strength of the local public service agreement approach was precisely that it offered the opportunity to get into a different sort of conversation between central and local government. London Borough of Camden Council was in the first wave of local PSA negotiations, at a time when only seven local authorities were participating. This inevitably meant that there was more time available for both sides to get into the nitty-gritty of what specific targets might involve. It certainly consumed too much time for the process to be sustainable more generally, but it was useful at the time, nonetheless, for promoting understanding between local government and civil servants.

Unsurprisingly, we found that the usefulness of the local PSA process varied according to the government department involved: education and social services PSAs were much harder work than others. In a couple of other areas, the promised flexibilities from government never materialised, for example dealing with fly-posting (where we found an alternative way of using antisocial behaviour orders to tackle the problem) and the way that planning notices have to be published. This experience leads us to be more wary of freedoms to be delivered by legislation in future. Our second local PSA does not rely on any freedoms.

Even in the first wave, when there was much more emphasis on national priorities, there were some very specific local issues that we sought to address. For example, to reduce traffic congestion from the tardiness of the utilities in dealing with roadworks, we successfully argued for a lane rental scheme, one of only two in the country. To improve the educational attainment of our pupils, we argued the merits of weighting our admission criteria for secondary schools more towards Camden primary pupils, so as to enable a smoother transition from primary to secondary school. The irony, of course, was that the usefulness of the negotiations and outcomes secured in these two examples was later scuppered by a national directive on the one hand and the schools adjudicator on the other.

Of our first-wave local PSAs, we met most but not all of our agreed targets. The concept of reward grants that we can invest in local priorities for specific achievements, and the dialogue with government departments, are what seems most valuable about local PSAs.

Our initial local PSA pilot preceded the formation of Camden's local strategic partnership, so inevitably some partners were far less engaged with the process than the council (with whom, of course, the actual agreements were signed). The second generation of local PSAs, however, offer an opportunity for more involvement and engagement across all partners, especially if, as promised, they are outcome-focused and concerning issues that straddle different agencies.

And now, of course, we have pilots under way for local area agreements. I think that they do offer a real opportunity for local government in conjunction with its partners, though I am sceptical of more grandiose assertions that local area agreements represent a "radical new approach"³³ that will transform the nature of the relationship between local and central government.

Local area agreements should be seized as providing the possibility of focusing relentlessly on outcomes and sweeping away the many different funding streams, each with its own slightly different evaluation criteria, which can hinder substantial progress on a local level. For their potential fully to be realised, however, the continuing lack of clarity about the nature of the roles, responsibilities and accountabilities of different partners in a local strategic partnership remains to be addressed. The potential strength of such a partnership is that partners bring different experiences to the table, but for this to be harnessed most effectively, the ground rules should be less ambiguous.

We should note that the strength of many of the approaches above lies in fact in the possibilities that they offer for a different conversation between players, with more mutual understanding of the challenges and predicaments facing both local and central government. This could perhaps be more effectively addressed if we insisted on more permeability between different sectors. I have always been puzzled as to why we do not insist that aspiring senior civil servants across the service must have, say, at least two years' experience in local government, the voluntary sector or the NHS. Our civil service is the poorer for not having such experience. And we in local government should insist on a wider experience both within an authority and with other agencies for our own staff.

33 *Local Area Agreements: A Prospectus* (ODPM, 2004).

Embrace fuzzy logic

The emphasis on the importance of the quality of the interaction between councils and their citizens should apply also to consideration of neighbourhood governance. Whatever structures we have, the most important aspect of local governance is the degree to which local agencies are responsive and transparent about what they do and thus facilitate a sense of agency in individuals and communities.

The debate so far seems to have focused mostly on structures: parish councils or newer models. But let us eschew nationally prescribed models. To state the obvious: different places, sometimes only a street or two apart, are different – in history, culture, demography and much else. We should recognise therefore that neat, structural approaches are absolutely the wrong way forward. The different neighbourhoods in which we live may be defined only fuzzily and uncertainly and change over time: that is simply how it is and a reflection of how we live our often messy lives. And we should acknowledge that while place is of real importance to most of us, we all have multiple, overlapping identities both of place and interest.

The best approaches to neighbourhood governance recognise this and build on what is already working well – perhaps parish councils, perhaps formal neighbourhood partnership arrangements or less formal neighbourhood forums, perhaps very bottom-up capacity-building work. We need to recognise that structures at the most local level need to have a degree of fluidity and flexibility if they are to respond to changing local need. To facilitate a dynamic model on the one hand, but retain clarity of role and structure on the other, is an incredibly challenging and sophisticated task. But that is the nature of the real smart task. Local government has a unique role here – and we're up for it.

Chapter 8

Building social capital in Suffolk

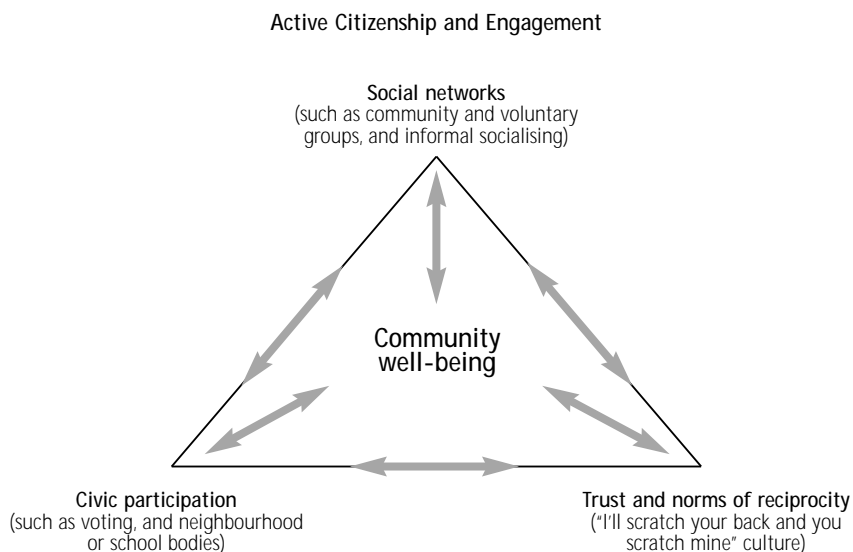
Like many of the historic counties, Suffolk attracts a strong sense of affiliation from its inhabitants. But the county council is concerned that the bonds that unify people in their neighbourhoods have weakened, leading to isolation and exclusion. Suffolk County Council's head of policy Alex Hopkins and policy manager Rachel Thompson explain the philosophy of active citizenship and engagement that will lie at the heart of the county council's local public service agreement and local area agreement.

Building social capital in Suffolk

Alex Hopkins and Rachel Thompson

Suffolk has embraced localism as an exciting opportunity to empower communities so that they can shape their own destinies. This is seen not as an end in itself, but rather as a means to a life of greater quality and dignity for the people in Suffolk. Our approach to community empowerment reinforces our overarching local PSA theme of active citizenship and engagement. The ultimate aim is to build and sustain vibrant communities that are increasingly capable of defining the problems they face and tackling them together. This outcome requires harnessing a culture of shared values in which everyone – regardless of age, ethnicity or social background – has a sense of belonging and a stake in the community. Active citizenship and engagement is key to achieving this outcome because, through a number of policy initiatives across partnership sectors, it strives towards promoting a shared sense of security and well-being, improving the environment and quality of public life, and reducing social exclusion.

Figure 1: The interdependent and reinforcing aspects of active citizenship and engagement³⁴



³⁴ In addition to the independent beneficial effects of the three aspects of active citizenship and engagement, figure 1 illustrates the important interdependent effects (or “feedback loops”) that social networks, civic participation and trust and norms of reciprocity have on the well-being of a community.

Building and investing social capital

Social participation and interaction through groups and organisations, particularly in the local formal and informal voluntary sector, is considered indicative of community well-being. Active citizenship and engagement encourages the development of social capital, which means social networks, civic participation and norms of reciprocity (the practice of exchanging things with others for mutual benefit), which in turn equip communities with powerful assets that have real social value (see figure 1). Extensive research into such initiatives shows robust correlations between vibrant social networks and outcomes such as lower crime rates, better public health, improved longevity, better school performance, improved child welfare, less political corruption, and improved government and market performance. In other words, people with extensive social networks are more likely to be “housed, healthy, hired and happy”.³⁵ The implication is that by helping to build positive social capital we can create an environment in which people are empowered to improve their lives and their life chances.

Building social networks that foster active citizenship and engagement is not a substitute for good and effective public policy but a prerequisite for it and, hopefully in the not too distant future, a consequence of it. The vibrancy of associational life is seen as a critical component of effective local government, and vice versa. These forms of social capital are beneficial but can be depleted if not maintained. Investment in such capital is therefore crucial if we are to build sustainable communities and pass something meaningful on to future generations. Responsibility for this lies both with local authorities and their partners in the voluntary and other sectors, and with communities themselves. By treating social capital like other forms of capital (physical and economic) – managing it effectively and devising strategies to sustain it – we can together build and protect this valuable “social ozone”.³⁶

The focus on active citizenship and engagement stems from a worrying trend of civic disengagement that seems to be occurring nationally. Recent evidence suggests that social capital in the UK is declining and stagnating from an originally high base.³⁷ Although some forms of social capital have increased over the years, other forms have stagnated or are in decline: the gap in associational membership between the “well-connected” middle class and the working class is widening. There has been a decline in

35 Woolcock, M “The Place of Social Capital in Understanding Social & Economic Outcomes”, *Isuma (Canadian Journal of Policy Research)* volume 2 (10), 11-17 (2001)

36 Healy, T *Health Promotion & Social Capital*, paper for conference on the international evidence of the impact of social capital on well-being, National University of Ireland, Galway (2001)

37 *The Well-being of Nations: The Role of Human and Social Capital* (OECD, 2001)

traditional organisations such as political parties and women's groups, and there have been declining levels of trust, especially among younger generations.³⁸

However, there is also evidence to suggest that these reported trends are alarmist. It may be that social capital is not necessarily in decline, but rather is changing and adapting to the modern political environment. Old indicators may not be detecting these newer trends. For example, volunteering in Suffolk seems to be becoming more spontaneous and ad hoc, emerging and dissolving in response to single-issue campaigns through which people tend to feel more efficacious than more traditional forms of volunteer work. As such, reported declines in social capital may be due to social researchers failing to identify all the relevant indicators. This suggests that we need to do more research into exactly what is happening on the ground in Suffolk. However, what remains crucial is that, whatever the state of associational life in Suffolk, we strive to harness all forms of positive social capital by creating an environment in which it is supported and where volunteers feel that their experience is positive and worthwhile. Then it can prosper and grow into sustainable forms of activity that will outlive its founders.

Already in Suffolk there seems to be a strong sense of identification with communities, with a plurality of people saying that strong community ties in the neighbourhood in which they live are very important to them.³⁹ Far more people know many or some people in their neighbourhoods than know only a few or none at all. Sixty-three percent of people in Suffolk feel that their neighbourhood is a place where people from different backgrounds get on well together, and levels of trust are generally high across all categories.⁴⁰

However, some of these figures mask some slightly less positive trends. For example, although 88% of people feel very or fairly safe in the area where they live, fear of crime is still a prominent concern for Suffolk residents. Similarly, although the health of people in Suffolk continues to improve overall, the gap in health inequalities is widening between the most and least deprived areas in Suffolk.

38 Interpersonal trust has declined from 56% in 1959 to 31% in 1995.

39 Forty-nine percent of people consider community ties to be "very important", compared with 39% who say they are "fairly important"; 8% think they are "not very important", and only 1% regard community ties as "not important at all" (from *Suffolk Statistics: What the Public Say* (MORI, 2004), paper presented at the Suffolk Strategic Partnership annual conference).

40 Ibid

On balance, there are positive indications that communities in Suffolk are vibrant and engaged, but this does not mean that we should be complacent. These trends need to be sustained and broadened if Suffolk is to realise fully the potential benefits to be gained from active citizenship and engagement. Suffolk is already promoting a wide variety of initiatives aimed at encouraging greater citizenship and engagement within communities, the beneficial effects of which on the well-being of the community are evident. Recent research by MORI, however, has found that more people want to be listened to than want to become involved actively.⁴¹ This means that we must respond appropriately to this method of engagement as well as more active types of involvement.

Some examples of Suffolk localism in practice

Suffolk is building citizenship and engagement by encouraging people to get more actively involved in their everyday environments such as neighbourhoods, schools, community groups, service organisations and other community settings, to help build bottom-up responses to local challenges. A few examples of localism in practice offer some illustrations of what active citizenship and engagement already looks like in Suffolk and how it is affecting people's lives.

Sudbury Town Council, a quality-accredited council, has worked with both the district council and Suffolk County Council to provide a one-stop shop from the town hall. Its central, marketplace location provides space for tourist information, housing officers and so on to deliver services to the community at the most local level. Shoppers from the surrounding area can also access these services at the same time as essential supplies. Babergh District Council provides staff support under the management of the town clerk.

In another example, Wickham Market, a larger village serving a wide rural area, has undergone ambitious regeneration using market town initiative funding. In partnership with Suffolk County Council, a bungalow for the elderly has been converted to a modern resource centre, which embraces the library service, offices for Suffolk Doctors on Call and multiuse resources. The village centre has been revamped and a significant number of new businesses have arrived in the community. A beautiful children's-play area is in place and a skateboard park, which is managed by the young users with a little adult help, has been built.

⁴¹ *Using Data to put the Citizen at the Heart of Public Services* (MORI, 2004), paper presented at the local government information unit conference

Woodbridge and Melton, along with Beccles, are also undergoing a market town initiative. Needham Market was eligible for neither market town initiative funding nor a parish plan, but the clerk to the council persuaded the Countryside Agency to fund a project to carry out a health check. Newmarket Town Council is also in the process of finalising the report from its health check.

Felixstowe Town Council identified two challenges in 2003: lack of good affordable housing, and a community building it owned that had deteriorated to an unacceptable level for repair. The building had been leased to the Old People's Welfare Association as a drop-in and rest centre for elderly residents and visitors to the town, providing refreshments and companionship. The council invited Orwell Housing and the Housing Corporation to become its partners in a venture that has provided a superb new community centre to replace the dilapidated one, and four high-quality affordable flats for social rental to local tenants. Use of the latest technology has allowed the ground-floor ceiling to be sound-proofed to protect tenants from noise from the community centre.

The Old People's Welfare Association has become the lessee of the new community centre and it will continue to provide essential services to the elderly from the town and surrounding areas during the day. Visitors come from as far away as Ipswich. In the evenings the building is available for community purposes, which the welfare association will manage. The town council has paid for the legal fees, but the council has achieved a wonderful community facility for a mixture of user groups as well as four beautiful homes, while retaining ownership of the land at no other cost to the local council taxpayers. Another building has been identified, and Felixstowe Town Council hopes to repeat the process. This is an example of localism that is driven from the bottom up to provide essential resources tailored to local need.

The small Suffolk village of Elmsett, meanwhile, is rekindling community spirit through an innovative good-neighbour scheme. Fifty-eight residents volunteered to join the scheme, co-ordinated by the Suffolk Association of Community & Rural Enterprises. The villagers signed up to undertake a number of tasks to make life easier for other people in Elmsett. Activities range from giving lifts, collecting prescriptions and shopping to checking smoke alarms, filling in forms and befriending the elderly, bereaved and lonely. All the volunteers are police checked and carry photocard identity badges to reassure people participating in the scheme. This is a true example of community involvement and engagement in action and is the sort of scheme that is being encouraged across the county.

Suffolk's localities project

Suffolk has six localities, broadly similar to district council boundaries, with councillors, NHS and police membership. In addition, officer support is provided by a locality director (at assistant director level) and locality officers (from all the main council departments). In an important recognition of individual councillors' community role, they have a direct say in a delegated budget, totalling about £1 million a year across all localities. These have resulted in a wide variety of local projects that otherwise might not have been realised through conventional council structures. We hope to develop the locality structure further in the future.

Discussion is continuing about how best to develop Suffolk's locality structure, and what powers and responsibilities might be transferred to an even more local level. No one can judge better what a community needs and wants than the community itself. Therefore information about community provision and options for development, as well as the subsequent decision making, should, wherever possible, be made by local citizens through the authorities that deal most directly with the issues that impinge on their lives. By empowering social and organisational community structures at the local level, we can develop effective ways of involving local people in improving the services that they use and in determining how their needs are met.

This approach is reinforced by recent evidence from the Citizens' Audit, which found that services were affected positively by local cultures of citizenship and community. Within this process, it is important to make sure that the less vocal are heard. We need to develop a toolkit of practices that pull together to build a broad feel of a community.

Suffolk County Council works with its partner local authorities at town and parish council level on highways, countryside access, village of the year, consultation on setting budgets, the Suffolk Strategic Partnership and a wide variety of other issues on an ad hoc basis. This work is done through the Suffolk Association of Local Councils, whose membership comprises more than 94% of the parish and town councils of Suffolk. Suffolk council grant enables this work to be done at a micro-local level.

Suffolk county councillors work in their localities through regular attendance at parish and town council meetings. Parish councils are frequently funded for special community projects through the locality funding budget. The local police beat officer is also a regular guest at parish and town council meetings, and the Suffolk Association of Local Councils places representatives of the sector on crime reduction panels and local strategic partnerships.

About 70 Suffolk parishes have already completed parish plans, and we hope to extend this figure to all parishes in Suffolk in the near future. These have involved questionnaires to every household, with a return rate of up to 85%, and the data collected is truly from the grassroots service users. The process produces supplementary planning guidance for the future of the community, including housing needs assessment and local transport concerns, and identifies lack of services. The completed plans are an important source of data for principal authorities and regional bodies. They can readily provide a starting point for local area agreements. There is enormous potential for local area agreements to be established on the back of work that is already taking place successfully.

Local priorities, local outcomes

By focusing on local outcomes rather than structures, processes or organisational boundaries, local area agreements are crucial to the improvement of local public services in Suffolk. These agreements focus on individual need rather than the administrative arrangements to deliver services and have shifted the emphasis of service delivery to achieving local solutions that meet local needs.

Addressing local priorities by working in partnership has characterised Suffolk's approach to the second generation of our local PSA. The themes are deliberately aligned with the strategic themes in the Suffolk community strategy, which was developed in consultation with local people and partners.

LPSA 2 has been particularly successful in strengthening partnership working by focusing on collective outcomes in both the short and the medium term, in which more than one partner has a stake and delivery is dependent on co-ordination of action across agencies. Importantly, the targets in LPSA 1 and LPSA 2 keep organisations focused even though they face, in some cases, substantial organisational changes and challenges. We have selected five themes that are interdependent, with the aim of developing projects that deliver against a number of outcomes within each theme.

Within Suffolk, the local area agreement is the main vehicle through which we will be able to realise our vision of localism. Local area agreements turn existing funding and performance management frameworks on their head, making local priorities, as defined by local communities, the starting point for resource allocation. It is against these locally defined priorities that funding is aligned and performance management frameworks developed. Not only are local area agreements key to citizenship and engagement, but also engagement with the local community is crucial to their success.

Conclusions: A smarter form of localism – the way forward

Jim Robertson

Conclusions: A smarter form of localism – the way forward

Jim Robertson

The case studies preceding this chapter have been drawn from councils in a very wide range of circumstances. Some are small urban unitaries; one is a large rural county. Some are “excellent”; one is “poor”. Some are Labour controlled, others not. And yet through all this diversity some strong common messages shine through.

Authorities are unanimous in their frustration with centralism and “command and control”, but are beginning to develop a language that can challenge this positively rather than just railing against it. Nostalgia for the good old days of local government is something of a minority interest. But concern about the attrition of social capital within communities, and the contribution to this that is made by the main public services – for both better and worse – is a cause that can command a very broad coalition of support.

All the case studies, to a greater or lesser degree, display a concern about the position of the citizen within the community, and the sense of public ease or unease. This is closely connected with the “liveability” issues around the maintenance of the public realm and the growing problem of incivility or antisocial but subcriminal behaviour. Even the large counties, remote from the street scene and with no statutory responsibility for it (which resides with the districts), display this concern. Without exception authorities see the solution to this as requiring a strong element of “co-production” with local communities.

This is very much in line with the government’s thinking about the role of public services in binding society together. Services are more effective if they are co-produced with the consumer; and the scope for co-production is greatest when services are public, free at the point of access and guided by some wider sense of the public good rather than the profit motive. Co-production is what gives public service the possibility of competitive advantage over private provision.

Learning from experience

The case studies demonstrate a response to the challenge of the liveability issues, which are highly localised. Wigan recognises 10 “townships” within its territory, with an average population of 30,000. Suffolk reaches down to the market towns, a level of community that is more elemental than the six statutory districts within the county. In Kent, with its 12 districts, about 30 such basic communities have been identified. The average population is about 40,000 but the range is huge – from 8,000 to 80,000. In the US, the

political system can accommodate municipalities ranging from the minute self-governing townships of New Hampshire to the megalopolises of New York and Los Angeles; but here in England, the misguided local government reforms of the 1970s largely suppressed this diversity. Local government is trying to rediscover this organic level of community self-organisation, reaching out to and empowering organisations at this level.

This "township" level of affiliation is different from the "neighbourhood" concept of community that has been propagated by some senior policy makers. It is not a question of one or the other. Both are necessary and, indeed, complementary. This can be seen in the Wigan partnership model, which accommodates both. (Wigan also, as it happens, exhibits an assertive and self-confident form of community leadership by the local authority.) The township is also a level of affiliation to which the other, non-local authority services can relate. Peter Smith describes how in Wigan they have spontaneously orientated themselves towards these township localities, without any particular chivvying by the council. In Kent, every locality or basic community falls neatly into one or another district, primary care trust or police basic command unit and so on – although the organisational map of these services across the county as a whole is a complete jungle. The only other level at which these main services come together in this way is at the level of the subregion.

At national level, the liveability issues are dealt with by the ODPM and the Department for Environment, Food & Rural Affairs (environmental services), and the Home Office (community safety). They are classic public goods. However, all the case study councils are also social services authorities (Department of Health) and local education authorities (Department for Education & Skills). At least three-quarters of their funding will go towards these personal public services, which are not primarily public or collective goods (although they do undoubtedly have some such attributes). As was observed earlier, the determination of these two great departments of state to direct what happens within their jurisdiction may have had the unintended effect of sucking the lifeblood out of the liveability programmes.

All the authorities, to a greater or lesser degree, attach high hopes to local area agreements to help untangle the jungle of funding and raise the government's sights from regulating means to promoting outcomes. Services delivered by local government have more complicated funding regimes than other public services such as health, because the government has to influence them indirectly and therefore uses specific grants tied to purpose. Within the local government arena, it has been found that the field with the

most complicated funding of all is the liveability/public safety/regeneration nexus. This is where the idea for local area agreements originated, and it is self-evident that it should be the place where the gains will be greatest from sweeping away the cat's cradle of funding regimes. It is to be hoped that the impact of local area agreements will not be diluted too much by extending them too far and too fast into other programmes – there are other instruments available for these.

The issues with the personal public services of education and social services – national services, locally delivered – are different. In both cases they are joined at the hip to nonlocal government services: social services with the NHS; schools with other media for education and lifelong learning as well as the new childcare programmes and the crusade against child poverty (which brings in the local arms of the Department for Work & Pensions). In both cases the big gains are to be had by working across the organisational divides. Top-down direction has failed to achieve this, as have the endless functional reorganisations that just replace one frontier with another. What does work, we now know, is clear and simple statements of outcomes desired at the national level (10-12 national PSA targets per programme), cascaded on a voluntary basis to local level by local public service agreements that allow agencies collectively to bid their contribution to the national whole.

So, there is ambiguity here. The requirements of neighbourhood governance, social recapitalisation and active citizenship require local authorities to reach down to much smaller aggregations of community. But the requirements of public service modernisation and integration require 150 local authorities to reach *up* to the subregional level, where police and fire authorities, health authorities, learning and skills councils and JobCentre Plus are to be found. And this is to be done – it is axiomatic – without any further structural reform and, so far as possible, voluntarily.

Putting the jigsaw together

All the pieces of the jigsaw are now on the table; it is now a question of referring to the picture on the box.

Local public service boards can serve as the cornerstone for the new architecture. They need to be constituted on a subregional basis to reflect the natural level of organisation of public services. This will require some clustering of local authorities, smaller with larger. Local public service boards should be voluntary and constituted on the initiative of an excellent local authority. They should cover social services, health, schools, further and

adult education and training, childcare and the emergency services.

Core funding can remain with the individual agencies, but growth money from the spending review (even in a tight year, there is always some) should be consolidated into a block grant to the board. The board would negotiate what contribution it would make to national PSA outcomes – upwards with central government. These new-style subregional PSAs would involve more targets than at present – probably closer to 40 than 12 – but on the other hand, the government would only have to deal with 30-50 and the targets would all be derived directly from national ones. The board would then negotiate downwards with individual agencies what contribution each would make to its PSA, and allocate funding accordingly.

The cost of certain welfare budgets is closely linked to these programmes. Income support, which is paid mainly to lone parents, will shrink with the success of childcare and adult education and training programmes. Incapacity benefit responds to a range of diversionary strategies, of which reducing the number of days lost to ill health in the public sector is one. Ideally, these expenditures – and perhaps other benefits too – ought to be included within the programme envelope of the local public service boards, so as to ensure a whole-of-systems approach. As benefits are annually managed expenditure, not planned through the spending reviews, this may be technically difficult. An alternative would be the model trialled in Kent through the local PSAs there, where the government has agreed to monitor benefits expenditure for signs of any specific changes that could be attributed to local intervention.

Once established, local public service boards can move from indirect to direct election. As Phil Swann points out in chapter 3, the political modernisation of local government since the Local Government Act 2000 has abolished the need for the executive and the rest of the council to be elected on the same franchise. This has already happened in London, where the mayor and the assembly of the Greater London Authority coexist reasonably peaceably on quite different electoral bases. In those few local authorities that have opted for a directly elected mayor, that post is elected across the authority as a whole.

It would be a small step to elect the council cabinet as a whole on a single slate, and a small step further to make this into an executive dealing with all public services across a group of existing authorities. Where local government is at present two-tier, it should also be possible to dispense altogether with the election of a large number of backbenchers

to the upper tier, thus achieving considerable efficiency and cost savings. Leaders have estimated privately that a large county can be run by 10-20 good-quality elected officials – enough to form a cabinet, with a few “heirs and spares”.

So far as the scrutiny functions are concerned, there are already perfectly adequate – arguably excessive – arrangements for this at district level, and there is really no need for duplication. Districts already have the powers to scrutinise and call to account the NHS in their areas; there is no reason why this principle should not be extended to the other services.

The general thrust must therefore be to delegate executive functions up to the subregional level, bringing about a thorough-going democratisation of the main public services, while delegating scrutiny functions and liveability programmes down to districts, localities and neighbourhoods. This would bring English local government much closer to the model that applies, and seems to work, in other advanced economies.

What about the regions?

As Phil Swann observed, significant challenges remain in the UK's regions. With the referendum in the North East was lost a big opportunity to rationalise local government and democratise the other public services. What is to be done now?

First, policy makers must recognise the following:

- In defining 10 standard statistical regions, civil servants may have underestimated the extent of local affiliation. We all know roughly where Wessex/the West Country and East Anglia are; but the South West and East of England “regions” may be overextended. Wales is Wales, at 3 million people; but the only regions of England that could pass the identity test were the North East, perhaps the West Midlands and London itself.
- Unlike in Wales and Scotland, the English regions have little control over key policy levers in key public services. The great spending departments might have regional offices, but these were created purely a matter of administrative convenience. This has left the regions with a very narrow range of functions, not unlike huge, free-floating parish councils.

The problem is worse around London, where the traditional home counties have been arbitrarily divided into three – London itself, part of the East of England and the remainder of “the South East”. This has led, for example, to arguably flawed attempts to rationalise

the social care market on an arc stretching from Banbury to Margate, when the market clearly functions on a radial basis in and out of the capital.

Smart localism provides a solution to this conundrum. Thirty to 50 elected public service executives can pick up the mantle dropped by the present 10 regions, organised over territories that make sense socially, economically and in terms of people's natural affiliation. As far as the home counties are concerned, half-a-dozen subregional blocks organised radially to London would be a much better solution than the present two-and-a-half regions.

Conclusion

Smart localism involves a blurring of the traditional divisions across government, both horizontal and vertical. Local government must be willing to let go of responsibilities if in return we are to achieve a democratic, responsive and whole-systems approach to public services. The peculiar British tradition of assigning functions rigidly to one or another tier of local government, or to a separate network of unelected quangos, is out of tune with international practice, which allows the fluid interchange of responsibility and agency between authorities. As has been said, if we had not somehow arrived at this strange way of doing business we would certainly not design it this way.

Government is right to concern itself with the delivery of outcomes; but the way to do this is not to tinker constantly with the machinery but to hire a competent prime contractor and leave him to get on with it. This is not abstract theory – the experiment with local PSAs has proved it works.

Correctly viewed, localism provides us with the opportunity to square three great policy conundrums of the day: what to do about the regions; how to energise the modernisation and joining-up of the major public services; and how to empower and recapitalise local communities. And this can be done very largely by voluntary initiative, with the minimum of enabling legislation. The tools are all to hand; all we have to do is pick them up.

