



CLES Bulletin is a topical summary of an issue which has recently emerged. Its aim is to provide a pithy précis of the issue, thus creating a quick and easy to read document which directs to more detailed material, if required.

CLES Bulletin No. 40
Thoughts on the Forthcoming Local
Government White Paper – Six Key
Challenges for Local Governance

CLES BULLETIN





Introduction

In the last couple of months there has been an increasing emphasis in the regeneration and local government press on the Local Government White Paper, which is due to be published in the summer. The purpose of this bulletin is to look in detail at six key policy areas, which CLES believe will form the bulk of the Local Government White Paper. Each policy area section will look at:

- The context to the policy agenda;
- A critique of the coverage the issue has received in the local government press;
- An assessment of the what the issue is likely to mean for local governance in 2015, in light of a recent *local:vision* paper on the issue.

As a way of conceptualising the Local Government White Paper and the six key policy areas, the bulletin will firstly highlight the current regional, local and neighbourhood level governance models and assess the need for reform in cities in light of the recent State of the English Cities report.

Governance in England

Recent years have seen an increasing emphasis being placed on the importance of the local area, local decision-making and local service delivery. Whilst remaining the most centralised state in Europe, the labour government have been particularly keen to devolve further powers to the regional, local and neighbourhood levels. At the regional level, Regional Development Agencies have significant scope to allocate funding and make decisions around economic development, housing and transport, whilst non-elected Regional Assemblies prepare regional policies predominantly the spatial strategy.

At the local level, a greater emphasis has been placed on local organisations and partners making key decisions through the development of Local Strategic Partnerships. A further significant development has been Local Area Agreements, with local and county authorities given the flexibility to negotiate priorities, outcomes and targets which are more adhesive to local need and to spend national funding allocations more

effectively and efficiently. Devolution of power to local areas has been supported through the publication by ODPM of a number of strategic documents. The *local:vision* strategy looks to highlight how central government can work in partnership with local government and in particular aims to generate a shared vision for the future of local government, to secure continuous improvement in public services and to achieve better outcomes for people and places. *local:vision* is an ongoing process with the findings of the four initial policy strategies forming a key part of the evidence being used to shape the Local Government White Paper. *local:vision* therefore focuses on:

- **Local Leadership**¹ - vibrant local leadership is at the heart of government vision for the future of local government. Central government want to see councils and councillors as strategic leaders for their localities, bringing together public agencies in their areas to secure excellent services.
- **Neighbourhoods**² - government want more people to be actively involved in their neighbourhoods and to enable individuals and groups to influence decisions about their own neighbourhoods and local services.
- **Developing a New Performance Framework**³ - government expects the development of a more effective and flexible performance framework which will achieve a better balance between national and local targets and enable less burdensome management and reporting systems in order to drive better outcomes for people.
- **Governance**⁴ - the most recent *local:vision* document published in April 2006 provides an

¹ Office of the Deputy Prime Minister (2005) *Vibrant Local Leadership*

<http://www.odpm.gov.uk/index.asp?id=1163150>

² Office of the Deputy Prime Minister (2005) *Citizen Engagement and Public Services: Why Neighbourhoods Matter*
<http://www.odpm.gov.uk/index.asp?id=1163148>

³ Office of the Deputy Prime Minister (2005) *Securing Better Outcomes: Developing a New Performance Framework*.
<http://www.odpm.gov.uk/index.asp?id=1163152>

⁴ Office of the Deputy Prime Minister (2006) *All Our Futures: The Challenges for Local Governance in 2015*.



analysis of what society is likely to be like in 2015 and its implications for local government and local governance.

There have also been significant policy developments at the neighbourhood level in recent years, predominantly by the programmes and projects of the Neighbourhood Renewal Unit, such as the spend of Neighbourhood Renewal Funds and the development of Neighbourhood Management Pathfinders to deliver more effective and locally focused local services.

Local Governance and The State of the English Cities

Despite over 25 years of targeted policy and regeneration activity in our cities, and in particular the most deprived inner cities, there remain stark inequalities across many factors between the most and least well off areas. Inequality between neighbourhoods, cities and regions not only impacts on the well being of communities in those areas but also on the competitiveness of the country as a whole. A key determinant of inequality is the effectiveness of local government to deliver local services efficiently, and particularly for the most deprived in society. The recent State of the English Cities report has highlighted some of greatest inequalities between cities and areas where the proposals of the Local Government White Paper could make a significant difference to service delivery and thus reduce inequality. The following inequalities are particularly evident:

- **Education** – There is large variation in the level of educational attainment between cities and the rest of the country. Cities in the north and west have more people without qualifications and fewer people with degrees than elsewhere.
- **Crime** – Crime rates tend to be higher in larger cities than in smaller cities and in the north and west than the south and east.
- **Health** – Cities and towns in the south and east have better all-round health profiles than the north and west.

- **Economy** – London and cities in the south east tend to out-perform their northern counterparts which impacts on levels of employment and worklessness.

The recent ODPM *local:vision* commissioned research produced by The Tavistock Institute, SOLON Consultants and the Local Government Information Unit should be looked at by local authorities and central government in conjunction with the Local Government White Paper. The paper through analysis of social trends highlights some of the key challenges for both central and local government in 2015. The document highlights 24 highly likely impact pressures on government at central, regional and local levels. The pressures are split into 12 areas and include:

- **Fiscal and taxation** – increasing expectations of efficiency, effectiveness and transparency from public sector services and administration.
- **Education and Skills** – need to bring long term recipients of benefit into work and address lack of opportunities for low skilled workers or disabled people.
- **Employment and Productivity** – competition for skills increases at all levels and intensifies need for greater access to training and retraining throughout life.
- **Health, public health and social services** – lifestyle related choices and behaviours increasingly dominate ill health, disease and a growing demand for care;
- **Localities and neighbourhoods** – local variations in wealth, quality and economic performance increasingly reflect differing levels of education and skills;
- **Trade and industry** – rising impact of and need for effective mechanisms to attract ‘business clusters’ for thriving local and regional economies.

Six Considerations for the Local Government White Paper

There are six key areas, which CLES believe could lay the foundations for the Local Government White Paper. These are issues that have been widely written about in the local government press, and in particular The MJ and the LGC. The purpose

http://www.odpm.gov.uk/pub/325/AllOurFuturesThechallengesforlocalgovernancein2015_id1165325.pdf



of this section is to provide a context to the issue, highlight the core concerns about the issue, and to assess how the issue fits into the *local:vision* framework for local governance in 2015. The Local Government White Paper, therefore may consider:

1. Local Area Agreements

Local Area Agreements have been hailed as a new era for the relationship between central and local government and a key strand of the Government's local government modernisation agenda. With local authorities and local strategic partnerships having greater influence over how local priorities are set, how funding is spent, and involving a wider range of partners there is an opportunity through Local Area Agreements to improve both services and local livelihoods. With 21 pilot Local Area Agreements 'signed-off' in March 2005, a further 66 'signed-off' in March 2006 and the announcement by David Miliband that the process is to be rolled out to all unitary authorities by 2007, Local Area Agreements are clearly set to play a role in future government interventions targeted at local government. The key question remains as to how effective Local Area Agreements are to be and what happens once the initial three year agreement draws to a close. These are questions, which may be answered in the Local Government White Paper.

Local Area Agreements have been largely welcomed by both local authorities and the local government press. The key concern remains primarily as to how much control central government are willing to devolve to the local area and how much flexibility local authorities have in the process.

- *Miliband rolls out 66 LAAs with £485m –The MJ (30/03/2006)* – Financial incentives worth £485m have been included in the 66 Local Area Agreements signed off in March 2006. This includes an immediate cash boost of £45m in 17 of the agreements in order to meet challenging or 'stretch' targets. Local Area Agreements have been welcomed by for example the Local Government Association who states that the agreements are giving people locally the chance to define the ambitions and priorities for their area. The LGA state however that for the

potential of Local Area Agreements to be met, there must be greater devolution from the centre.

Local Area Agreements fit primarily into three of the functions of local governance in 2015 as identified in the most recent *local:vision* publication, namely:

- Coping with stark differences within and between regions and places;
- Brokering, marshalling and relationship building for key actors;
- Representation (of the locality, of the community).

2. City Regions⁵

There has been significant interest in recent months about the concept of City Regions. The Institute for Public Policy Research⁶ and the Local Government Association⁷ have published research on City Regions and ODPM have published a Framework for City Regions⁸, which lays out several approaches for developing a city region model. A city regional governance model looks to implement services and government arrangements that are more in tune to the movements of modern society, i.e. more in line with travel to work and travel to leisure patterns and the areas that local people identify with. The city region concept recognises that existing city level governance is perhaps too small and fails to consider people who perhaps identify with a wider area than the local authority which they actually live in. It also accepts that the

⁵ CLES are currently working on a piece of policy research on city regions and in particular what city regions will mean for the socially excluded. This research will be published in May.

⁶ Institute for Public Policy Research (2006) *City Leadership: Giving City-regions the Power to Grow*. <http://www.ippr.org.uk/shop/publication.asp?id=342>

⁷ Local Government Association (2006) *City Regions and Beyond*. <http://www.lga.gov.uk/Documents/Publication/City%20Regions%20and%20Beyond.pdf>

⁸ Office of the Deputy Prime Minister (2006) *A Framework for City Regions*. http://www.odpm.gov.uk/pub/588/AFrameworkforCityRegionsResearchReportPDF814Kb_id1163588.pdf



regional level is too big to effectively deal with local issues. The Local Government White Paper is expected to provide more concrete foundations for a city region model including feedback on proposals from the West Midlands to develop a city region.

The City Regions concept has not been immune from criticism, from the local government press, particularly in proposals to introduce City Regional Mayors:

- *Cameron rubbishes Miliband proposals, Local Government Chronicle (06/04/2006)* – With David Miliband facing an uphill struggle to drum up enthusiasm for restructuring, Conservative leader David Cameron has added his thoughts to the agenda. Cameron argues that restructuring would lead to decisions being taken further away from voters. He was particularly critical of city regions claiming that the removal of county councils and replacing it with a city region would remove a body that local people readily identify with. He claimed city regions are something no one has asked for, and no one wants apart from David Miliband.

City Regions fit primarily into three of the functions of local governance in 2015 as identified in the most recent *local:vision* publication, namely:

- Coping with stark differences between regions and places;
- Promoting economic growth and developing economic performance capacity and capabilities;
- Strategic marketing (identifying, developing and ‘selling’ new actions to the public).

3. Neighbourhood Governance

City Regions form the first part of David Miliband’s ‘double-devolution’ agenda. The second part is devolving powers beyond the local level to establish more neighbourhood style governance. Whilst parish and rural councils already exist, neighbourhood governance promotes communities having the ability to make more decisions with regard to services within their neighbourhood. With NRF and Neighbourhood Management

already in operation in the most deprived areas there is opportunity to devolve services to a level lower than the local authority and for local communities to have a far greater say in how services are delivered. Whilst neighbourhood governance has attracted a fair degree of criticism particularly with regard to difficulties in engaging local people, neighbourhood governance is set to play a key role in the Local Government White Paper.

- *Paper draws a blank, Local Government Chronicle (20/04/2006)* - The Young Foundation have been working closely with central government to develop neighbourhood policy arguing that ministers were keen to promote arrangements similar to ‘a good parish council’. The White Paper is unlikely however to provide a single model of neighbourhood governance with the belief that the needs particularly relating to services vary considerably in different areas.

Neighbourhood Governance fits primarily into three of the functions of local governance in 2015 as identified in the most recent *local:vision* publication, namely:

- Coping with stark differences within and between regions and places;
- Reconciling the diversity of individual and group expectations, needs, culture, identity and morality;
- Representation (of the locality, of the community).

4. Elected Mayors

The Local Government White Paper is also likely to promote the potential positive impacts of elected mayors on their authorities. A recent publication by the New Local Government Network⁹ looks at some of the benefits of existing mayors with regard to making local government more accountable; being true community leaders; and focusing on regeneration. There is a growing recognition that

⁹ New Local Government Network (2006) *Mayors Making a Difference*.
<http://www.nlgn.org.uk/pdfs/upload/Mayors%20making%20a%20differences%20summary.pdf>



city regions may also be headed up by an elected mayor. It has been suggested that city regions with a visible mayor could act as an ambassador and bring profile to an area. The role of elected mayors has been particularly advocated by communities and local government minister David Miliband:

- *Cities face shake-up, The MJ (09/03/2006)* – The State of the English Cities¹⁰ report argues that city councils need to be given more powers to determine how money from central government is spent locally. The Government in response to the report has called for stronger local leadership, with David Miliband particularly calling for more directly elected Mayors. Stronger local leadership could lead to stronger partnership working with government departments, which should in turn lead to cities having more influence about how public funds are spent in their area.

Elected Mayors fit primarily into three of the functions of local governance in 2015 as identified in the most recent *local:vision* publication, namely:

- Coping with stark differences within and between regions and places;
- Promoting economic growth and developing economic performance capacity and capabilities;
- Representation (of the locality, of the community).

5. Local Government Reorganisation

The most contentious issue that has emerged in the build up to the publication of the local government white paper is that of local government reorganisation. An original plan for the biggest shake up of local government since the 1970s has largely been scuppered by authorities not wishing to become unitaries and the continued identification with county councils. Whilst the White Paper is likely to include proposals for reorganisation it is unlikely that reorganisation of non-unitary authorities will be enforced. Indeed to date few councils have shown interest in enduring

the disruption likely in any reorganisation, with only a small number of districts, including Ipswich BC and Cambridge City Council, and one county, Shropshire County Council, enthusiastic about unitary status. Recent local government press coverage of reorganisation has highlighted the lack of enthusiasm for the measure:

- *No imposed unitaries, Local Government Chronicle (09/03/2006)* – Phil Woolas has confirmed the Local Government White Paper is unlikely to include proposals to radically change local authority boundaries. The announcement in the LGC came as a relief to two-tiered areas who were expecting a radical ‘shake-up’ in the white paper. Phil Woolas stated that any proposals for change especially with regard to becoming a unitary would have to stem from the authority itself and be met by a strong consensus locally and centrally. Authorities had been concerned about the short-term financial costs of restructuring.
- *Officials forced to phone for support, Local Government Chronicle (30/03/2006)* – Enthusiasm for local government restructuring has been so low, that ODPM officials have resorted to phoning council chief executives and leaders in an attempt to drum up support. One county chief executive had been asked whether their authority would be willing to volunteer a proposal to become a unitary council. The county chief executive questioned why they would do that as they believed it would wreck partnership working. This article also reports that only a minority of authorities have expressed any enthusiasm for change, predominantly urban areas such as Cambridge and Ipswich, which lack unitary councils.

6. Voluntary and Community Sector Service Delivery

One aspect of local service delivery, which is attracting significant interest at the moment, is that of voluntary and community sector organisations and social enterprises delivering services. There are a number of benefits to delivery of public services by bodies other than the local authority, most notably in terms of engagement with the social enterprise voluntary and community sector having the ability to act as agents of joint working between

¹⁰ Office of the Deputy Prime Minister (2006) *State of the English Cities*.

<http://www.odpm.gov.uk/index.asp?id=1163940>



communities and local and central government. There is therefore a three-way relationship between the individual citizen and the state; between the voluntary sector and the individual citizen; and between the state and the voluntary sector. Whilst the role of the VCS in local service delivery is likely to form a significant part of the White Paper, it is likely that the focus will revolve around the difference these organisations make to service delivery at the neighbourhood level.

- *Volunteers put centre stage, Local Government Chronicle (23/02/2006)* – David Miliband has revealed that the local government white paper will contain proposals to reform the commissioning process to make it easier for voluntary organisations to deliver public services. The Minister has argued that some of the barriers to VCS involvement including funding timescales should be addressed in the White Paper and by local authorities when deciding upon commissions.

Voluntary and Community sector delivery of services fit primarily into three of the functions of local governance in 2015 as identified in the most recent *local:vision* publication, namely:

- Caring for a significant proportion of the population (young, old, disabled, vulnerable);
- Reconciling the diversity of individual and group expectations, needs, culture, identity and morality;
- Representation (of the locality, of the community).

Conclusions and A Framework for Local Governance in 2015

Local need, opinion and delivery of services is becoming increasingly prevalent in the modern policy agenda. Central Government are becoming increasingly willing to reduce bureaucracy to enable local authorities and their local partners to deliver more locally defined services. The last few years has seen greater onus placed on local delivery and partnership through the development of Local Strategic Partnerships. The increased emphasis on local priorities, local decision-making, and local funding flexibility has been further highlighted in

the first two rounds of Local Area Agreements. Whilst the predicted contents of the Local Government White Paper have been met with little enthusiasm in the local government press, proposals for city regions, neighbourhood governance and enhanced voluntary and community sector involvement could lead to more devolved, effective and efficient local service delivery and powers.

Strategic decisions about service delivery will continue to be increasingly important to public policy outcomes and the current focus on partnership provided by Local Strategic Partnerships and Local Area Agreements will continue to shape local governance arrangements in the future. Indeed, the *local:vision* document on local governance in 2015 highlights the importance of partnership and in particular at the neighbourhood level. Four strategic factors for a framework for local governance in 2015 could shape part of Local Government White Paper thinking:

- **Decentralised** – this refocuses decision making away from a central core, allowing decisions to be taken closer to service users;
- **Devolved** - this advocates moving democratic powers away from the centre to regional, local and neighbourhood levels;
- **Uniform** – the extent to which proposals are ‘one-size fits all’;
- **Variable** – the extent to which priorities and policies can be shaped by local need and will.

CLES recognises that whilst each of the four strategic factors could play a part in future governance, it is unlikely that a single model of governance will be successful in all localities and across all service areas. Indeed, there is a need to vary policy in light of local circumstances, such as levels of public involvement and local organisation development. Where there is strong local involvement and leadership a policy of devolution, which varies by area, may be most effective. A decentralised model may be more effective in service areas where there is greater reliance on central decision making such as social services.

The Local Government White Paper is to form a key strand of CLES research in the forthcoming



months. For further information on this bulletin or the Local Government White Paper generally please contact:

Matthew Jackson

Policy Researcher

Centre for Local Economic Strategies (CLES)

Express Networks, 1 George Leigh Street,
Manchester, M4 5DL,

Tel 0161 236 7036,

Fax 0161 236 1891

Email matthewjackson@cles.org.uk

Web: www.cles.org.uk