



Centre for Local
Economic Strategies

bulletin

Understanding public sector investment in a place and its impact upon communities

Number 68

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Introduction

Twelve years ago the New Labour Government was elected into power, providing hope within their Manifesto for a more decentralised system of governance, promising the active engagement of local government so that local people could have more say over the issues that affect them in their communities.

“Over-centralisation of government and lack of accountability was a problem in governments of both left and right. Labour is committed to the democratic renewal of our country through decentralisation and the elimination of excessive government secrecy¹.”

These twin issues of devolution of power to the locality and the empowerment of local communities have driven a myriad of policy agenda and initiatives in recent years. This bulletin looks at two areas of contemporary policy which links these issues, specifically: The Place Survey and the concept of Total Place.

Devolution of power and empowering communities

During the 1960's and 70's successive governments started to weaken the independence of local authorities. Most of their funds came to be provided not by local taxes, but by the Treasury. As time has gone on, more and more powers have been taken from the local level and incorporated into central government.

During the last twelve years the rhetoric from central government has been to engage with the local level and discuss the decentralisation of powers and responsibilities but this has been an incredibly slow process. Initiatives such as Local Strategic Partnerships, the Local Area Agreements, Multi Area Agreements, the Local Government White Paper, the Sub National Review, the Empowerment White Paper (2008) and in some respects even the Regional Development Agencies are all efforts by central government to get to grips with the devolutionary agenda and transfer more power to the local level.

¹ New Labour Party Manifesto, 1997.

<http://www.labour-party.org.uk/manifestos/1997/1997-labour-manifesto.shtml>

Even with all these initiatives, local authorities are still having to follow guidance from the centre and do not have the strategic power to influence and develop policy independently for the good of their local communities. David Boyle, fellow at the new economics foundation (nef) wrote:

“The real problem is that politicians of all parties are very confused about localism. They gargle with the ideas, but believe it is something about giving people a little bit more....the real problem is that centralisation is far more insidious than they realise. Not only does it make government and public services intensely ineffective, creating vast inhuman institutions...it also reduces us from citizens to supplicants to vast organisations, public and private.”²

The contemporary shift

Ministers abandoned plans to publish the draft Community Empowerment Bill a few months ago but community empowerment is now back on the agenda following the recent expenses scandal, political leadership troubles and loss of trust between the public and the people that were elected to represent them.

An important part of the empowerment agenda is an efficient and successful level of local government. Local councils provide the services residents use and are key to creating prosperous sustainable communities. To make sure the community empowerment agenda succeeds, central government needs information demonstrating how the population views its local area and whether they feel they have the power to influence local policy.

The Place Survey and Total Place, the two initiatives discussed in this bulletin, are useful tools for central government. The Place Survey provides the capability to measure the public's perception of their local area and whether they feel they can influence the local agenda while Total Place will allow the centre to examine how efficient local government is at delivering local services.

Place Survey 2008 – “Strengthening local government”

In October 2006, the Local Government White Paper *Strong and Prosperous Communities* was released with the intention of providing a new focus on improving outcomes for local people and places rather than concentrating on processes and inputs. The White Paper for example:

- Restructured and simplified Local Area Agreements – a strategic delivery plan for local authorities and their partners;
- Established the opportunity to develop Multi Area Agreements, cross boundary collaborations and delivery plans;
- Most importantly, recognised the need to provide more power to citizens and communities to allow them to have a bigger say in the services they receive and the places they live³.

The Place Survey was born from the need to follow through with the White Paper's aspirations of devolving more power and say to the community level. Communities and Local Government (CLG) put the survey together using a working group involving other government departments, local agencies, the Local Government Association (LGA) and the Audit Commission to provide a steer on how the survey should look and what information it should capture. In addition the Government released a consultation on the survey between December 2007 and February 2008 to provide external partners with the opportunity to pass on their ideas and thoughts⁴.

² David Boyle, NEF. Britain's supplicant state June 2009. <http://neftriplecrunch.wordpress.com/>

³ Department for Communities and Local Government (2006) *Strong and prosperous communities*. <http://www.communities.gov.uk/publications/localgovernment/strongprosperous>

⁴ Audit Commission <http://www.audit-commission.gov.uk/localgov/audit/nis/pages/placesurvey.aspx>

The Place Survey was developed to provide the Government with a process that would allow them to engage and measure residents' opinions. The theory was that capturing people's views, experiences and perceptions of their area was a useful way to

- Influence potential solutions to problems, by taking account of local views and preferences;
- Determine whether local interventions made by the local authority were having the desired impact at the local level.

It was seen as a tool that would allow councils and their partners to understand the views of local people. Central government acknowledged local service providers would already have a number of systems in place to gather feedback from communities, but the methods in the Place Survey would provide results that could be compared across areas.

The survey was tailored to fit with the national indicator set which has 25 indicators that are informed by citizens' views and perspectives. It was designed to integrate 18 of these indicators into a single more efficient questionnaire, reducing the number of surveys needed to be undertaken by local government.

Methodology

CLG provided eight common standards⁵ that had to be followed by local councils conducting the Place Survey:

Common Standard	Methodology
1) Adhere to the timetable	The first survey took place between September and December 2008 and will be repeated every two years. The survey was a postal questionnaire with covering letter and pre-paid envelopes.
2) Use the questionnaire template	Authorities had to use the questionnaire template designed by CLG with no changes to the wording or layout allowed. Additional questions would be permitted but these should be taken from the Place Survey question bank. The actual survey used could not be longer than 12 pages. Authorities were also told to use a template covering letter designed by CLG.
3) Use the sampling method	Random (probability) sampling was used to select potential respondents. In two-tier authorities (e.g. counties and districts), districts may conduct the survey on behalf of the county. However, all districts should reach an achieved sample size of 1,100 (regardless of population size).
4) Use the sampling frame	The sampling frame used comprised all adult (aged 18 and over) residents of the local authority.
5) Use the designated method of data collection	The authority had to distribute all Place Survey questionnaires through the UK Royal Mail postal system.
6) Take all reasonable steps to maximise the response rate	Authorities were encouraged to take all reasonable steps to maximise their response rates. It is especially important that authorities continue trying to obtain more completed questionnaires once the minimum sample has been reached (if there remains time in the specified fieldwork period of the survey).
7) Achieve the designated statistical reliability	The achieved sample size should be no smaller than 1,100.

⁵ Department for Communities and Local Government (2008), Place Survey 2008-09: Manual
<http://www.communities.gov.uk/publications/localgovernment/placesurveymanual0809>

8) Use each of the data submission templates and tools for submitting your survey results and metadata and ensure they are completed correctly and submitted by the required date	All data collected within the Place Survey should be submitted in accordance with the specified timetable to the Audit Commission via the templates and tools provided on the Place Survey website.
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Results

The Place Survey results were released in June 2009 and measured residents' perceptions of the top tier councils. The paper summarises the headline findings for England and the Government Office regions with individual local authority results available on the CLG website⁶. Some headline results from the survey can be seen below:

Headline results		
National Indicators	Purpose	Place survey outcome (English average)
NI 1	% of people who believe people from different backgrounds get on well together in their local area	76%
NI 2	% of people who feel that they belong to their neighbourhood	59%
NI 3	Civic participation in the local area	14%
NI 5	Overall/general satisfaction with local area	80%
NI 23	Perceptions that people in the area treat one another with respect and dignity	31%
NI 140	Fair treatment by local services	72%
Results not related to the national indicator set		
% agreed or strongly agreed that their local council provided value for money		33%
Taking everything into account, % satisfied with the way their local council runs things		45%
% felt they could influence decisions in their local area		29%
% that would like to be involved in the decisions that affected their local area		27%

Analysis

The results draw out some interesting questions for central and local government and the relationship each has with the English population. While an average of 80% of respondents were satisfied with their local area as a place to live; only 33% agreed their local council provided value for money. These results mirror research that has shown local government has struggled with poor public perception in recent years. In 2006, the LGA launched the 'Local government reputation campaign'⁷ which recognised public satisfaction with council services was improving but the public perception of their council was not. A poll by MORI⁸ for this piece of work showed just 1% of respondents would talk highly of their council and only 5% knew a great deal about what their council does. These results present a couple of obvious dilemmas for local authorities: first the service predicament around balancing efficiency and effectiveness and secondly the difficulty they seem to have in communicating the role they play in a resident's life.

⁶ Department for Communities and Local Government – Place survey 2008, England (2009)

<http://www.communities.gov.uk/publications/corporate/statistics/placesurvey2008>

⁷ Local Government Association – Local government reputation campaign: Delivering for people and places (2006)

<http://www.lga.gov.uk/lga/publications/publication-display.do?id=22153>

⁸ Local Government Association – Local government reputation campaign: Delivering for people and places (2006)

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Other indicator results provide support to the hypothesis that more needs to be done to engage local people and publicise the impact local government has on everyday lives. Less than a third of respondents felt they could influence decisions in their local area but even more worryingly, when mapping responses for NI 3 (civic participation in the local area); the survey showed that over the last 12 months only 14% of the population had been involved in local decision-making. These results show the real level of democratic deficit that currently exists. It seems that although people are not happy with what they perceive their local authority to be providing, for the money they contribute through their council tax, the majority of the population do not feel they can influence decisions within their local authority, let alone actually be involved in changing things.

Total Place – “key to local government efficiency”

Government rhetoric has moved towards keeping the concept of ‘place’ at the centre of its policies. Part of the Place Survey’s remit was to ascertain residents’ views of the services they receive from their local authority. Total Place is different as it concentrates on examining how the local authority uses its funding to provide these services and whether this can be done more efficiently while improving the customer experience.

In light of the recent banking crisis/bail out and the inevitable spiralling public sector debt that followed, the Government is clearly in need of finding efficiency savings wherever possible. Public sector net debt, expressed as a percentage of gross domestic product (GDP), was 54.7 per cent at the end of May 2009, compared with 43.6 per cent at end of May 2008. Net debt was £774.8bn at the end of May, compared with £629.0bn a year earlier⁹.

The Operational Efficiency Programme¹⁰, led by the Treasury, was a year-long programme examining operational spending in the public sector. The results published in April 2009 showed scope for £15bn of efficiency savings. On the basis of their interim findings the Government increased the previous target of £30bn savings over the current spending review period to £35bn by 2010-11 as part of the Budget 2009.

Following Sir Michael Bichard’s work (local incentives and empowerment strand) on the Operational Efficiency programme looking at the scope for efficiency savings at the local level, the Government announced the Total Place initiative in the Budget 2009. Backed by £5m funding, the Total Place programme was developed to look into and map the flows of public spending in local areas and services and to identify where public money can be spent more effectively. The three aims behind the model are:

- To create service transformations that can improve the experience of local residents and deliver better value;
- To deliver early efficiencies to validate the work;
- To develop a body of knowledge about how more effective cross agency working delivers the above¹¹.

Thirteen pilot areas were announced in the initial pilot round¹² and the Government will report on the interim findings of this work in the 2010 Pre-Budget Report. CLG have commissioned The Leadership Centre for Local Government (part of the LGA group) to deliver the Total Place programme and will draw necessary support from the Improvement and Development Agency (IDeA) and LGA.

⁹ Office for National Statistics, Public sector <http://www.statistics.gov.uk/cci/nugget.asp?id=206>

¹⁰ HM Treasury – Operational Efficiency Programme (2009) http://www.hm-treasury.gov.uk/vfm_operational_efficiency.htm

¹¹ Leadership Centre for Local Government, Total Place www.localleadership.gov.uk/docs/TotalPlaceWeb.pdf

¹² Birmingham; Bradford (with appropriate links to the city-region pilot); Coventry; Croydon; Dorset, Poole and Bournemouth; Durham; Leicester and Leicestershire; Lewisham; Luton and Central Bedfordshire; Kent; Manchester city-region; South Tyneside, Gateshead and Sunderland; and Worcestershire

The Total Place initiative aims to weave two complimentary approaches to public service transformation:

- A 'counting' process that will map money flowing through the place (from central and local bodies) with the aim of better understanding the relationship between centrally and locally directed resources and between resources directed by different parts of the public sector, and the impact that both of these have on outcomes;
- A 'culture' process that looks at the way things are done in terms of working between and across local and central partners and the extent to which that helps or hinders improved outcomes.

Each pilot area will use Total Place to consider a theme which is of particular local importance (e.g. vulnerable families, adult social care, child health, drugs and alcohol). In this way Total Place should generate significant and deliverable opportunities for service transformation and improved efficiency. It is hoped the outcomes from this work will be specific and deliverable improvements for local service users. These might be achieved through more effective collaboration, efficiency gains or fundamental service redesign. CLG are expecting that in many cases local partners will be able to deliver these improvements themselves through effective local leadership. In some cases, however, service transformation may require changes to national delivery structures and Total Place will provide an opportunity for central government and local partners to address these issues together.

Counting Cumbria

The concept for 'Total Place' came from the Counting Cumbria project. Counting Cumbria was commissioned by the Leadership Centre for Local Government, IDeA and the LGA; the project mapped public spending in Cumbria in the financial year 2006-07¹.

Key findings included:

- Total public expenditure in Cumbria in 2006-7 was £7.1bn, which is £14,200 per head. Of that little over a quarter, £1.9bn, was controlled by or directed through Cumbrian bodies. Of the £5.2bn controlled by national government, non-departmental public bodies spent £2.3bn;
- The largest areas of aggregate expenditure were social protection £1.5bn, health £880m, economic affairs £700m (excluding £1.8bn by the Nuclear Decommissioning Agency), environmental protection £690m, public order and safety £600m and education £540m;
- Taxation raised in Cumbria was about £3.1bn, of which £2.9bn was national taxation and £200m local¹.

This document identified how public money from national, regional and local public sectors came together in one place and how local public, private and voluntary organisations could work more effectively together on issues ranging from worklessness to climate change. According to Cumbria an impact of this work has been the identification of improvements and efficiencies which are now being delivered.

Although only thirteen pilots were announced there have been calls for local authorities not involved to move forward with the concept independently and work with local partners to map how money is spent in their area and understand the relationships between the various public sector bodies and agencies.

Analysis

Following Gershon's review of public sector efficiency, the Total Place initiative has been developed primarily to assess the spending patterns flowing through the public economy and identify where greater efficiency savings can be made. It will also provide a useful map of how and where central, regional and local government money is spent in the locality and who controls what is done with it.

As a whole, CLES welcomes the introduction of the Total Place programme and the attempt to understand the scale of public investment but it could go further. Total Place will only provide an overview of the money in a certain area but will not take into account the impact this money is having on the local community in terms of supply chains and employment spend. This is where the real outcomes can be tracked and efficiency gained. During this recession it is even more important for public money to have a bigger effect within the area it is spent and for leakages out of the local economy to be minimised. Being driven by the efficiency agenda could mean a narrow line of enquiry being followed and certain efficiency cuts having unintended social, economic and environmental consequences.

There is a need for further insights into how once spent, how much of the original pound is retained within a local economy. The LM3 model, originally developed by nef but adapted by CLES and APSE, is a multiplier that provides a methodology to work out the local economic impact of public spend by drilling right down to the local level. Understanding the impact of both procurement and employment spend at the local level, using reliable baseline data, can help shape procurement strategies and policies and local service configuration to ensure that the benefits of public spending to local economies and to the wider sub-regional economy are realised. It can also ensure that leakages from the local economy are reduced and that there is a virtuous cycle of spending that provides high quality employment, promotes local businesses and social enterprises and encourages investment and innovation.

CLES has previously used the LM3 process with Swindon and West Lothian to map the impact their spend has in the local economy. Central government should be looking at this research and taking the Total Place one step further. Applying the LM3 to the end results of Total Place will allow local partners to understand how funding is re-spent in the community and the true impact that suggested efficiency cuts could have.

Conclusion

The Place Survey and Total Place were designed to provide a more detailed understanding of how local government functions and use the outcomes to provide more power and efficiency at the local level. While producing some interesting results, the two initiatives also provide a useful insight into how disempowered local authorities still are in terms of having to adhere to a centralised system.

The results from the Place Survey confirmed there is a need for local government to continually re-evaluate how they engage with their residents but also demonstrated the widespread level of disconnection between communities and their elected representatives. Residents currently feel an inability to effect change within their local area and so choose not to participate in local democracy. There is a need to re-connect communities with the democratic process so they feel empowered to participate in local agendas as well as national ones and realise they can influence issues.

The main aim of the Total Place initiative is to identify efficiency savings across public partners within a locality. While this will provide a useful map of how public money is used, the outcome will not be enough to understand the true impact of public spend. By using the LM3 model, areas will be able to comprehend how they influence a local economy through procurement choices and the impact of local wages etc. It is this level that will allow local authorities and their partners to discover possible efficiency cuts and appreciate the economic and social outputs that will come from them.

Looking forwards to the upcoming General Election, it is interesting to note that the Conservatives are making the decentralisation of powers and responsibilities to local authorities one of their key policies ahead of the upcoming general election. While New Labour has struggled to move forward significantly with decentralisation, the Conservatives are now echoing the goals set out in New

Labour's 1997 Manifesto. The release of *Control Shift: Returning power to local communities*¹³ gave interesting examples of how a Conservative Government would address the imbalance of responsibility and power. They focus on providing more financial freedoms for local authorities, retention of financial benefits arising from new business activity, greater freedoms to determine how they carry out their statutory regulatory duties and devolving power from regional government to the local level.

Bulletin is one of a series of regular policy reports produced by the Centre for Local Economic Strategies (CLES). CLES is a not-for-profit think-doing organisation, consultancy and network of subscribing organisations specialising in regeneration, economic development and local governance. CLES also publishes Local Work, Rapid Research and Briefing on a range of issues. All publications are available as part of CLES membership services. To find out more about membership visit the CLES website or contact CLES to request a membership leaflet.

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¹³ Conservative Party, *Control Shift: Returning power to local communities* (2009)
www.conservatives.com/~media/Files/Downloadable%20Files/Returning%20Power%20Local%20Communities.ashx?dl=true