

# Beyond PSAs: the case for 'forerunner' councils

**a discussion paper**

Gerry Stoker



# Beyond PSAs: the case for 'forerunner' councils

**Gerry Stoker, Professor of Politics, University of Manchester, and Chair of the New Local Government Network**

Prepared with the assistance of John Foster (Chief Executive, Middlesbrough Council), Gordon Mitchell (Chief Executive, Bracknell Forest Borough Council), Barry Quirk (Chief Executive, LB Lewisham), Bill Ogle (Chief Executive, Hertfordshire County Council), Mike Pitt (Chief Executive, Kent County Council), Steve Stewart (Head of Corporate Strategy, Middlesbrough Council), Cllr Dave Sullivan (Leader, LB Lewisham), Cllr Paul Bettison (Leader, Bracknell Forest Borough Council), John Williams (NLGN), Ian Keys (NLGN) and Abigail Melville (NLGN). John O'Brien (IDeA) was consulted about the report.

**Professor Gerry Stoker**

Gerry Stoker is Professor of Politics at Manchester University and Chair of the New Local Government Network. His main research interests are in local government, public participation, social capital, non-profit organisations and cross-national policy transfer. Between 1992 and 1997 he was Director of the ESRC Local Government Research Programme. He has authored or edited a host of publications, the most recent of which include: Money Talks: creating a dialogue between taxpayers and local government (NLGN, 2001); A new account? Choices in local government finance, with Tony Travers (Joseph Rowntree Foundation, 2001); (ed.) The New Politics of British Local Governance (Macmillan, 2000); and (ed.) The New Management of British Local Governance (Macmillan, 1999).

The facts presented and views expressed within the paper are those of the author and not necessarily those of the NLGN.

**© New Local Government Network (NLGN). All rights reserved**

**Published by New Local Government Network (NLGN)**

**ISBN 1 9034 471 0 0**

**Price £6.00 per copy**

Prepared and printed by  
New Local Government Network (NLGN)  
42 Southwark Street  
London SE1 1UN  
Tel 020 7357 0051  
Email [network@nlgn.org.uk](mailto:network@nlgn.org.uk)  
[www.nlgn.org.uk](http://www.nlgn.org.uk)

# Contents

## Foreword

1. **Earned Autonomy should be about inspiring community leadership**
2. **Deregulation and new powers are not enough when what is required is confidence and capacity building**
3. **What we need are ‘forerunner’ councils to deliver imaginative community leadership**
4. **The Selection Process**
5. **Conclusions: Benefits and Risks**

**3**      Beyond PSAs: the case for ‘forerunner’ councils

**‘Forerunner’: noun – ‘a messenger that tells of something to follow’.**

This paper presents in five sections a proposal for a radical programme of decentralisation to a substantial group of ‘forerunner’ councils to trail blaze a community leadership practice for all localities. The case is established for giving councils an additional capacity to drive up public sector productivity and make a real difference in their community. The first half of the argument is that the earned autonomy agenda needs to be connected to a challenge to councils to deliver community leadership. The second is that existing reform measures are not sufficient to deliver as much transformation as will be required. The Government has done much and proposes to do more to deregulate councils. However, a truly inspiring performance from councils will require more than deregulation. It will need a programme of positive capacity and confidence building. While a number of worthwhile initiatives are in operation or on their way, more should be done. We need reforms that can capture the public’s imagination, and persuade the brightest and best to come or to stay and work for local government. In this paper, a general set of new freedoms and responsibilities for councils to pursue community leadership more effectively is identified. A selection process is also outlined to reveal how the first wave of councils designated as ‘forerunner’ could be chosen in a way that reflects their potential and capacity. The final section looks at the potential benefits to central government, local government, other stakeholders and the public if these proposals were adopted.

## **1. Earned Autonomy should be about inspiring community leadership**

The first two principles of public sector reform outlined by the Government focus on two issues: the need for a national framework for accountability in delivering minimum standards and the need to give space for creativity and innovation to local leaders in providing services. The concept of earned autonomy is a way of combining these two principles in practice and is premised on the achievement of a certain level or promise of performance being matched by the autonomy to go further in developing innovative ways of providing services and desired community outcomes.

In the debate about earned autonomy two issues that mark out the particular character and contribution of local government need to be recognised. The first is that local government is elected and although local politics by no means works perfectly it is nevertheless the case that local councils have their mandate from the public. The second is that the sum of local government is greater than the rag-bag of service functions that it holds responsibility for, in the jargon of today it is about community leadership as much as the delivery of a certain set of services.

In many respects the great secret of local government is not the current set of services that it delivers but its capacity to respond on the ground to new and emerging community needs in the round. In the 19<sup>th</sup> Century it was sewerage and water, while in the 20<sup>th</sup> Century local councils led the way in housing, education and social services. The community leadership challenge in the 21<sup>st</sup> Century is about creating the time and space for responses to emerge towards the new issues of a new century. The challenges that local government took on in the past also delivered vital developments for the country as a whole. There is no reason why local government cannot do the same again. Community leadership is not about a focus on narrow parochial issues but rather on local issues with a national resonance. Community leadership is about delivering national programmes and service standards and blending local and national priorities. It is about identifying and responding to the needs and aspirations of citizens with local action in a globalised world.

Community leadership requires a council to demonstrate a capacity for being politically open, and a commitment to involving and engaging communities. To exercise community leadership political leaders need to work at it constantly. At the core of this argument is a commitment to better service performance and improved democratic legitimacy. It is this twin focus that will create a local

government system that can capture the public's imagination and make a real difference to the quality of people's lives.

A key issue is 'joining up'. Something that the centre could do better, this is also an area where the connections that come more naturally to local governance could make a big difference. For many citizens the issue of how actions from a range of public service agencies can be co-ordinated and brought to focus on the issues they face is the dominant concern. It is difficult to imagine how problems of crime prevention, environmental protection and economic development could be tackled without effective 'joining up' across the public sector and with the private and voluntary sectors. Equally meeting the needs of elderly people and the under-fives or avoiding teenage pregnancies are challenges that require a response from a range of institutions and individuals.

Crucially tackling problems is not the same as the delivery of services. Nationally identified problems always have a local specificity. For example, crime is both a national and a local problem. But relative to other crime problems, residential burglary is a low priority in some urban areas whereas nationally it is a high priority. There is a floor target for burglary but in inner urban areas street robbery and violent attacks are much more important crime problems to be tackled (they also involve very different perpetrators!). Indeed,

both the principles of public sector reform and the concept of earned autonomy imply that Government needs to have regard to the fact that different solutions in different localities might be equally effective and efficient in resolving social and economic problems. The challenge is for local leadership to find the solutions that work.

Many types of council are rising to that challenge, and taking major initiatives on community safety, town centre renewal, rural regeneration and environmental sustainability. Some are developing systems to share information across agencies in order to facilitate better citizen focused delivery. Despite the poor prospects for broadband locally, many councils are promoting e-functionality among community groups and voluntary organisations; and, to a much smaller extent, amongst local Small and Medium Enterprises (SMEs). Others are working in their communities to increase understanding between different ethnic groups, generations and generally to sustain a sense of community and civic harmony; functions that can be invisible but come to the fore in times of crisis and emergency.

Earned autonomy should be about more than service delivery. It should be about councils demonstrating their connection to their own partners and the public and developing in practice a community leadership function that meets the challenges of the 21<sup>st</sup> Century.

## **2. Deregulation and new powers are not enough when what is required is confidence and capacity building**

To a degree, the argument presented above is already recognised by central and local government. As a result local government has been given new powers and the prospect of a great deal of deregulation. Existing reforms and those in the pipeline are to be welcomed, but they may not be enough to deliver the capacity and confidence building measures that will deliver inspiring community leadership. We should be asking about how to capture the public's imagination about a real capacity for good governance to make a difference in their communities. We should examine how to keep in, and attract the brightest and best to local public service. Assessed against these objectives the existing reform proposals will not be good enough.

Community leadership is the responsibility of every council alongside the delivery of excellent services. Both sets of activity are about improving the quality of life of the local residents and workforce as well as making an attractive environment for the companies and other organisations based in, and visitors passing through, their area. The interconnection between service delivery and community leadership is strong but community leadership stands out as a distinctive

challenge, in that it is about thinking about acting on the needs of their area in the round.

All local councils have been given a responsibility to engage in community leadership and some powerful tools in order to get on with the job. There are the powers of well being under the 2000 Act to engage in activities of benefit to your community. These include specific provisions to modify enactments concerning plans etc. (Section 6), as well as a power to ask for amendment or the repeal of enactments that are unnecessarily restricting to local councils (Section 5). Other legislation gives councils powers to form partnerships, to trade within certain limits and other freedoms and flexibilities. In particular, Section 16 of the Local Government Act 1999 gives powers to form companies and partnerships and undertake experimental forms of service delivery to facilitate the achievement of Best Value. So much so that, with respect to community leadership, while some further legislative flexibility may be required the real challenge is to provide the incentives to encourage councils to take forward the community leadership role and the capacity to bring it to fruition. The powers available, or about to become available, are sufficient. The real challenge in many respects is to encourage councils to have the imagination to use these powers.

A number of measures are aimed at encouraging councils down the path of community leadership. These include provisions under the 2000 Act for councils to produce community strategies, a commitment on the part of Government to rationalise current separate plans and initiatives, the national neighbourhood renewal strategy and a requirement to establish local strategic partnerships (LSPs) - a single body composed of public, private, community and voluntary partners focused on improving the quality of life of an area.

In addition Local Public Service Agreements (PSAs) are seen as making a contribution to community leadership. PSAs allow councils to commit themselves to stretching targets in service delivery in return to agreed flexibilities, pump-priming funding and financial rewards if the targets are met. In particular PSAs may contribute to community leadership because the targets set by the council for itself will often demonstrate support from local stakeholders and will in their achievement often require inputs from partners.

The main argument of this paper, however, is that the incentives and support for community leadership are not sufficient as they stand. Let us now examine why existing measures and incentives will not be enough.

As indicated the legislative framework for community leadership is already in place, as are the relevant requirements to produce a community strategy in consultation with a local strategic partnership. The key challenge is to provide incentives and support for councils to act. Yet, the roll out of local PSAs will not provide sufficient impetus due to its essentially regulatory style. There is the potential for too much faith to be placed in the PSA concept alone. It is not clear that it can overcome two weaknesses. It is designed to be a performance improvement tool rather than a driver of community leadership. Its agenda and targets are more centrally negotiated than a matter of community choice. As such there is a danger that it will sit between two stools: an initiative to drive up service performance in local government and a tool for encouraging the development of joined-up community leadership.

The roll of local PSAs is very much to be welcomed and provides an important step down the path of providing councils with the freedoms and flexibilities they need to undertake innovation and stretch performance. Moreover some PSAs show a clear capacity of binding in a range of local agencies to meet challenges of local service delivery.

But local PSAs are a limited tool. They are negotiated between local and central government and as such are not a strong focus for local

accountability. Moreover although they have provided the focus for some useful and worthwhile innovation they are not likely in most cases to capture the public imagination in terms of the improved performance that is delivered. The full roll out of local PSAs is unlikely to alter the situation. If anything the assumption must be that the scheme will become less radical and more bureaucratic. The scale and number of negotiations is likely to encourage a routinisation of the process, and make it more difficult to find the political space and capital to ensure the approval of more radical schemes.

In the first wave of experience some clear limitations to the process are evident. Drawing on the experience of several councils it would appear that the menu of indicators:

- was too narrowly drawn;
- reflected the interests of Government departments and not local government – best evidenced in the fact that councils have to choose one from three transport indicators; and
- falls between a document that ties council performance to future funding and one that encourages joined-up action with local partners.

The first two flaws are easily corrected. The last to be resolved needs an agreement on what local PSAs are for. Are they to raise

and converge the performance of councils? Or are they a tool to achieve multi-agency responses to locally defined problems? It is unlikely that local PSAs can be both. Or to put the point more positively, more needs to be done to ensure support for the processes of community leadership as well as the driving up of service performance.

### **3. What we need are ‘forerunner’ councils to deliver imaginative community leadership**

High performing local councils should be given additional powers to allow them to undertake an innovative set of community leadership practices. The selection process should be seen as rigorous but also an opportunity to launch pilots. Once confidence is developed amongst the public, central government, the media etc the freedoms and flexibilities on offer could be provided to a further batch of councils, and ultimately all. As such, this is not an argument for special powers for excellent and improving authorities but for them to blaze a trail for the whole of local government. Forerunner councils must earn their right to new ways of working. Too many local councils are not up to the challenge at present. Some are however and they should be allowed to show in practice what more can be done.

As noted above, community leadership is a responsibility of all councils and various legislative and institutional devices have been provided to bring community leadership to fruition. What is now a focus of attention is the need to drive forward the process. What incentives are needed? Of course, all authorities should gain some additional freedoms: prudential regime for capital funding, removing

consent regimes, streamlined plan requirements. There should also be a full roll out of local PSAs.

For a group of high performing and improving councils, however, there should be an even more substantial range of freedoms and flexibilities.

One benefit would be for a duty to be placed on other agencies “to have regard to the policies and programmes of the local authority (authorities) serving the area”. This duty could, for example, be laid upon the Chief Constable and Police Authority, other parts of the criminal justice system, Health Authority and Trusts and other quangos active in the area. Amounting to a fundamental change in thinking, it would help to make real the community leadership role and, most importantly, take a step towards the “fusion” of public services as perceived by members of the public.

The next key freedom to an authority designated a ‘forerunner’ council is that its freedoms would not be negotiated with central government on an individual basis but instead constitute a programme of measures from which the authority could select once it had passed through a threshold of achievement in respect of its corporate competence and accountability to its public. What an individual authority did with its freedoms would be a matter for it and

local stakeholders and public, within the limits of the law. It may be that central government departments would play a role in community leadership initiatives in the locality but that would be a matter for local negotiation and choice.

These first two freedoms are about demonstrating that 'forerunner' councils will be expected to be full community leaders. They would be working in co-operation with other stakeholders and accountable to local citizens for the choices they make.

For a 'forerunner' local council there would be a general presumption that restrictions and central oversight should be minimised. The capacity building measures could include:

- a wider range of charging and tax raising options (although some additional freedoms in this regard could be available to all authorities)
- the removal of any ring fencing or special or specific grant status around central funding provided to the authority. In effect everything would become block grant to the authority once it had received the funding
- a special power to negotiate public-public and other partnerships. This power could extend to the right to experiment with new forms of public benefit companies

- powers to undertake extensive trading activities that bring in their wake community benefit
- an additional element of funding in the grant distribution formula for a least a limited period of time in recognition of the pioneering efforts in which they will be engaging
- a capacity to negotiate a package of lighter touch inspection and an individualised framework of plans
- powers to engage in projects based on the principles of the community reinvestment schemes pioneered in the United States
- a power to experiment with new forms of service delivery that provide differential service levels reflecting differences in local citizen demand
- the role of the chief finance officer or chief executive in ensuring internal systems for accountability to replace some systems currently driven by external inspection.

Alongside the availability of these additional capacity building measures, there would be a requirement for 'forerunner' councils to commit further resources. This would include supporting improvement in local government via the IDeA to enable experiences to be shared with a wider group of local councils. To a large extent this is already happening but it should be reinforced. Councils would be expected to involve themselves in direct peer based support

tailored to the needs of other councils aspiring to 'forerunner' status. The IDeA would have a clear role in leading such a programme and there would be an expectation of the designated 'forerunner' councils that they would take a major role in encouraging learning and the spreading of best practice.

'Forerunner' status would be permanent but subject to a regular four-year review. It would also be open to local challenge if 5 per cent of the local population sign a petition to that effect. Reviews could be designed in the manner of a peer review, with a one year follow up of a more formal external nature for any council failing to satisfy the initial review. The aim here is to respond to the concern that organisations change as leadership changes and to give local communities a lever if they feel their council is behaving in an irresponsible manner. In general there would be a requirement that councils can demonstrate public and stakeholder involvement in the unfolding of their community leadership innovations.

## 4. The Selection Process

The selection process should choose, in a manner that is both appropriate and fair, those councils to trail blaze on the part of all councils and local communities. There would be two aims. First, to provide a mechanism whereby all councils would be encouraged to strive for forerunner status within a ten-year time frame. Second, to establish a threshold via which councils would have to pass to win 'forerunner' status. The details of the threshold would vary according to the class and responsibilities of the authority. Passing through the threshold would also be sensitive to the different social and economic circumstances that councils find themselves in. It would be necessary to review threshold criteria every four years or so to ensure that the demands of passing through the threshold remain challenging and stretching.

In effect the judgement of whether a council had passed the threshold would be measured against four criteria:

- a few key performance indicators;
- user satisfaction data;
- a track record of successful joined up innovation management;
- and

- a demonstrated capacity to work with partners and gain the confidence of the public.

Crucially it would be necessary to set all of these criteria in the frame of the different social and economic environments in which councils operate.

What this offers is something that would combine elements of the Audit Commission's proposals for corporate assessment with the Neighbourhood Renewal Unit's accreditation process for local strategic partnerships. What is proposed mixes judgement by an independent authority with that of peers and local stakeholders. What is measured is a capacity both to perform and engage.

The Audit Commission approach has much to commend it, as it combines an assessment of current performance in service areas with a judgement about the prospects of future service improvement prospects. It also offers a measure of performance that makes allowance for the scale of social and economic deprivation faced by the council. Its weakest point is that it is not clear how the central policy capacity and in particular the partnership and local accountability of a council would be measured. The Neighbourhood Renewal accreditation process seems to have strengths in these areas. It is premised on an active dialogue between LSP members,

the Government Office in the region and other stakeholders. Initially LSPs will be asked to assess themselves against six criteria: a demonstrated capacity to be effective, representative and strategic; the involvement of all key players; the establishment of key community priorities and associated milestones; evidence of other organisation aligning their systems to meet those of the partnership; reduced bureaucracy; and lesson-drawing to have been undertaken from best practice elsewhere.

What the system of selection would do is follow the four headings outlined above. It would ask for initial bids for 'forerunner' status from all classes of authorities against certain criteria and thresholds and driven by a variety of quantitative and qualitative material. In relation to service delivery performance, the judgement would be against certain key indicators allowing for social and economic circumstances. In the case of public satisfaction data, MORI or other survey based evidence would be required. The track record of successful joined-up innovation management could be driven evidence of use of well being, Section 5 or 6 powers, evidence on LSP performance. The issue of working in partnership could draw on evidence collected similar to that of the LSP accreditation process, plus evidence of participation schemes, changes in political management and efforts to increase voter turnout in elections.

The style of assessment outlined above is not only fit for purpose but avoids, as far as possible, some of the distorting effects of a simple reliance on performance indicator data. It does however involve an element of judgement. It will be essential to demonstrate how that could be seen as fair and not subject to political manipulation. The designation of 'forerunner' status would be a recognition of passing through a threshold for the council and its four-year review; itself a recognition that performance across the board in respect of service delivery and community leadership would have to be maintained. What the council did with the new freedoms however would not be a matter of central government approval but rather a matter of local accountability, unless of course the work undertaken involved negotiated agreements with central government departments.

## 5. Conclusions: Benefits and Risks

The benefits to local government of the scheme that is proposed here are self-evident to those councils that would be designated as 'forerunners'. The risks are also clear in that they would not be in a position to blame central government or anyone else if things go wrong. Accountability would be directly at the council's door. The scheme is also designed to provide an incentive for all councils to drive up their performance and increase their local connectedness in order that they can pass through the threshold towards 'forerunner' status.

Local stakeholders would be able to work with the council in new and imaginative ways and see some real impact on problems that concern them. Their opinions of the council would form part of the selection process and they would, through the petition mechanism, have a long-stop capacity to halt procedures if they felt something was going seriously wrong.

For central government the key benefits would include:

- credit for further innovation to drive success at a local level;

- strong association with success and public approval where community leadership demonstrates its value;
- an additional lever on poor performing local councils by having live and highly visible projects demonstrating what can be achieved;
- a demonstration of responsiveness to the demands for greater autonomy and a local government system with an increasing capacity to share responsibility and accountability in the delivery of services and initiatives to benefit local communities; and
- reduced costs on inspection and audit, and the transfer of management time and focus on to the challenges of service delivery and community leadership.

The risks are manageable. The selection process would need to be seen as fair and justified. Other measures would provide incentives to all councils so the designation of forerunner councils would be an addition to established programmes rather than a whole new initiative. In short, existing signals to the whole of local government would be complemented rather than undermined. In the end everyone would benefit from a local government with strengthened accountability and public engagement.