

Freedoms and Flexibilities for Local Government

A route map to a 'Brave New World'

An NLGN publication

NLGN is an independent think-tank that seeks to transform public services, revitalise local political leadership and empower local communities.

NLGN has produced this report as part of its programme of research and innovative policy projects, which we hope will be of use to policy makers and practitioners. The report, written up by Anna Randle, Head of Organisation at NLGN, reflects the key themes of discussion at a 24 hour 'Policy Summit', hosted by NLGN in September 2003. It should not be assumed that all participants at the summit (including NLGN) agree with all of the statements made within the report.

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Preface

This report summarises the outcome of an NLGN Policy Summit that took place over 24 hours in September 2003.

Participation was of a very high calibre both from within the local government community and from Whitehall. It therefore deserves careful reading by all those involved in trying to deliver better services and stronger communities. There are many seeds of ideas and proposals contained within this report which deserve to be listened to and considered. They are not intended to be complete or comprehensive, but they offer the beginnings of a coherent view about the future role of local government and its partners; tangible changes that would begin to allow this to be realised; and ways of achieving service improvements and strong communities which central and local government – and the citizen – want.

The report speaks for itself, but what points does NLGN take out of it?

First, the discussion was an attempt to get people to really think themselves into the world that the Government – and the opposition parties – say they want, which is a much more decentralised one. It is a world where command and control is being pulled back to its appropriate role and the 'new localism' that NLGN has advocated is starting to take root.

Of course most of the key players in local government are clear that given more discretion, they will seriously add value. But Whitehall will have many concerns about this – some well placed, others mere prejudice. And the reality is that a world of true Freedoms and Flexibilities raises enormous challenges to the local government community that it must face up to. So local government has to do more to convince the centre - and the public - that it recognises the challenges that a new localism involves and is up to meeting them. They include issues of risk management, of how to move into new areas without losing focus on the core, how to create the new skills and capacity which are necessary, about the need to shoulder true blame and take responsibility for decisions in a way that has been avoided by our centralised system.

If the agenda is to progress further, then the local government community needs to keep working on this agenda and not just assert it. If it is to be successful in articulating the vision of a new locally joined-up agenda, we believe it also needs to engage other local partners in creating a common idea of the ways things could work.

Second, NLGN is certain that there are clear wins to be had if we can kick-start a more dynamic local governance. This goes across the piece, but as the discussion in the report illustrates, this especially applies to the 'hard to get at' issues, for example the issue of underperforming and 'coasting' schools and the pupils being left behind in education; health inequalities and public health more generally; and crime and anti-social behaviour. It also applies to liveability and local/regional economic performance agendas.

So how can all this come about? Well some of the agenda is obvious and just needs political will from the centre. The report lists a number of fairly simple steps that would help us move ahead, including for example the relaxation of procurement rules, freedom from unnecessary legal constraints, the ability to pilot financial arrangements, and freedom to raise money to invest in infrastructure – such as transport – paid for by local development type taxes etc. Some of these might be said to fall into the 'common sense' agenda, helping to make services, accountabilities and delivery make sense from the point of the view of the citizen and user, who must always remain core to our considerations of change.

Third, we understand why central government, especially those departments with an historic and institutional distrust of local government, are wary of dishing out freedoms to any but the

'excellent' or 'good' councils - in Comprehensive Performance Assessment (CPA) terms. Even with these limitations, pushing on with this agenda quickly is a major step forward - not as yet fully delivered. But it would be a mistake for government to ignore the other councils. In some cases the potential gains here, where the council is in a position to use them, could be higher than anywhere else and might enable learning about improvement as well as ways of motivating and facilitating change.

Fourth, there are enormous gains to be made as a consequence of joint-working across different public sector bodies at the local level. Indeed it is clear that some of the biggest blockages to this stem more from the inability of local bodies (Police, hospitals and Primary Care Trusts, Learning and Skills Councils etc.), to deliver commitment to real joined-up working and carry it through in the face of their command and control hierarchies, than it is to the limitations of local government.

In the name of common sense and value for money, the government must address these issues. It has a perfect opportunity to do this now and fast through making Second Generation LPSAs truly radical in at least some authority areas. We want to see LPSAs agreed for localities, with joint outcomes and the sharing of benefits.

The Government should also look at the potential for Local Strategic Partnerships in some cases to evolve into better tools for such cross-cutting work. And the CPA revisions now being looked at for future CPA rounds should consider how to incentivise and judge such positive behaviour.

These are potentially very exciting times for the way we deliver public services and the role that the different institutions can play in joining-up to achieve change and improvement. The new localism debate that NLGN began has at times been contested and at times confused. But the serious attempt to think through the hard issues for local government, other local public service deliverers and for Whitehall that NLGN's Policy Summit addressed is surely the right way ahead.

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1. Introduction

Brave New World? The Freedoms and Flexibilities agenda for local government

This paper is a summary of the discussion at a 24 hour Policy Summit organised by NLGN in September 2003. The participants included senior council Chief Executives, drawn from councils across the CPA spectrum, a number of council Leaders and an Elected Mayor, individuals from the LGA, key Whitehall departments and agencies, including 10 Downing Street, HM Treasury, IDeA, and the Audit Commission, and the private sector.

The aim of the discussion was to consider whether the current Freedoms and Flexibilities agenda has the potential to enable the radical re-engineering of the future role of local government – the 'Brave New World'. Designed as a response to the argument that local authorities will be able to perform community leadership, deliver services and form relationships with their citizens more effectively if powers are devolved from the centre, the 'Freedoms and Flexibilities' offer has been presented by central government as a major step forward in the realignment of power from the centre to the local.

Framed as a 'reward' from central government for good performance by local authorities as measured by Audit Commission inspectors through the Comprehensive Performance Assessment (CPA), 'Freedoms and Flexibilities' are therefore intended to represent the key incentive to improvement. The most significant Freedoms and Flexibilities are initially limited to those councils in the top 'Excellent' and 'Good' CPA categories, but if they are seen to work they could be extended much further into local government.

NLGN believes that there is an urgent need for local government to positively help shape this agenda. Only in this way will we move beyond centralist concepts of 'reward' and 'earned autonomy' towards a new concept of the role of local government. Local government must articulate what Freedoms and Flexibilities are needed to make a difference, prove that councils would use such changes in a useful way, and articulate what both they, the centre and other parties need to do to make this agenda a reality. Passivity and blame for non-delivery cannot be a default option for a supplicant local government.

This debate takes place against the backdrop of serious thinking by the Government, and indeed all the main political parties, about 'new localism' - the devolution of power to the local level - driven by a realisation that directing everything from the centre does not produce the best quality and most responsive local services. Central government is searching for the means to achieve the step changes in service delivery on which it has asked to be judged.

However, the messages from the centre are mixed and confused, and often fail to articulate a genuine role for local government. It is not just an opportunity therefore, but an imperative that local government articulates its case, demonstrates its unique legitimacy at the local level and forms a coherent argument to central government about what it both wants and needs to achieve local outcomes and deliver the best for local communities.

The agenda at NLGN's Policy Summit was designed to help a selected number of senior thinkers and practitioners work through these issues. Key questions included:

- What would a world with Freedoms and Flexibilities look like?
- How would this contribute to local government's ability to deliver community leadership and high quality local services?
- How would local government get there?

- How should local government make choices and manage risk?

The aim of the discussion was to produce a route map to achieving a shared vision of new local governance, achievable in the next five years, which included not only why this should be attractive to local government, but also why it is the solution for the challenges facing central government, other local partners and indeed citizens.



2. Analysis of the current system

A shared analysis of the failings of the current system provided the starting point for rethinking the shape of local governance.

The basis of a critique of the current system is that it will not deliver the step changes in service delivery which the Government seeks. There is evidence and increased awareness that increasingly centralist approaches by government have failed to achieve the desired responses. Under the current system there is too much focus on input rather than output, and it is incorrectly assumed that injecting money alone into the current framework will improve its ability to deliver. As a result, delivery and governance at the local level are excessively fragmented: different institutions are working to different targets, timetables, priorities, inspectorates and budgets, missing opportunities to share data and learning, and failing to work together in meaningful ways. Local government feels a sense of frustration with central government's continued search to find the levers that will make local institutions jump, coupled with the belief that this approach is fundamentally flawed.

There is another risk for central government in the current situation. Having asked local government to jump through the hoops of continuous inspection regimes, should central government fail to deliver on Freedoms and Flexibility this will represent the last in a long line of missed opportunities to fundamentally change the relationship between central and local government. This is likely to cause deep-rooted disillusionment within local government, which will believe that once again promises have been made by the centre, and yet nothing has changed. Such a feeling could result in significant political fall-out.



3. Are Freedoms and Flexibilities the answer?

However, there is also a strong belief that Freedoms and Flexibilities as currently conceived are not really the answer to the problem. They are seen by many as a distraction from the real agenda, a 'side show' which diverts attention onto a narrow and technical agenda and away from the more radical ways in which centre-local relations might be re-engineered and genuine local autonomy achieved.

Despite this, there is recognition that the pragmatic approach to the opportunities currently facing local government would be to accept that Freedoms and Flexibilities offer a 'route in': an opportunity for local government to re-frame the discussion, take ownership of the agenda and use Freedoms and Flexibilities as a route to a wider and more radical debate. Freedoms and Flexibilities might not themselves be the 'Holy Grail' for local government, but they at least offer a step along the path to change.

What do Freedoms and Flexibilities mean to the Government?

"By removing restrictions and requirements on planning, spending and decision-making and providing new powers to trade and charge, we will free up councils to innovate and deliver tangible improvements in the quality of services and effective community leadership. Unnecessary bureaucracy, red-tape and regulation will be removed for all councils. We will adopt a more co-ordinated and proportionate approach to the demands we make of councils, focusing on the delivery of priorities and outcomes. There will be more financial freedom within a basic framework underpinned by sound financial management and prudent decision-making.

...Additional freedoms will be available for high performers, with less ring-fencing, fewer planning requirements and greater freedom to use income from fines... Other councils will also be able to agree additional freedoms, depending on their performance profile. Freedoms will also be negotiable through local PSAs, to accelerate progress on key national and local priorities.

...This package of reforms demonstrates Government's commitment to bring about vibrant, innovative and responsive local government. Local authorities will have more freedom and responsibility to improve their performance and serve their communities. This will enhance local democracy, with local authorities being more clearly accountable to their electorate..."

Local Government White Paper
Strong Local Leadership Quality Public Services
DTLR December 2001



4. What might a Brave New World look like? Freedoms and Flexibilities, the best case scenario

If Freedoms and Flexibilities were to be delivered and to be successful, what might the Brave New World look like? This early vision of the 'best case scenario' in terms of how far Freedoms and Flexibilities might travel represents early thinking, which is later developed to reflect a realistic short to medium term means of achieving some of the aims set out here.

An early vision of a Brave New World therefore rejected the notion of 'Freedoms and Flexibilities' and replaced it with 'influence' and the ability for local institutions to work together. The council could provide the architecture for local service delivery, with whole public service responsibilities located in the locality. 'Freedoms' are therefore needed for all local institutions, not just local government – a recurring idea through out the discussion and seen as integral to the achievement of real change.

The principles behind the creation of this Brave New World can be seen as a response to the earlier analysis of what is wrong with the current system. There is a need for focus of outcomes rather than inputs; systems rather than structural change. The state must recapture the ability to 'learn' – understand the reasons for success and failure in different localities and be able to use this knowledge. It is recognised and accepted that central government would always require – rightly – the attainment of minimum standards, but it should not define the way in which these standards might be achieved locally.

The benefits of the Brave New World include a transfer of risk from ministers to local leaders, real quality service outcomes, greater capacity to learn, and greater 'bang for your buck' in terms of the impact of resources being put into local government.



5. What else might it look like?

Freedoms and Flexibilities, the worst case scenario

There is however another scenario which must be considered if local government is to think honestly about the arguments for - and against – devolution. Understanding risks and fears is an essential part of being able to manage risk in a change process, and it is acknowledged that there are strong attractions to central government in the current model. What might the world look like if Freedoms and Flexibilities have been delivered and everything has gone wrong? What barriers to making a success of Freedoms and Flexibilities might emerge?

- **Capacity**
Local government (and some of its partners) are not ready for a radical agenda, or even a more narrowly conceived version of Freedoms and Flexibilities.
- **Postcode lottery and local difference**
Localism proves to be incompatible with equity. The public prefers uniformity of delivery and standards in some, or all, services.
- **Financial risks**
Local government fails to manage financial risks in borrowing money and incurring debt, and makes poor local tax decisions.
- **Corruption**
A more locally autonomous system makes corruption easier - and more difficult to detect.
- **Ensuring delivery for all**
Funds will be diverted away from priority groups (or there is the perception among the public/press/central government that this is possible or happening).
- **Political space**
In the world of 24 hour media central government cannot find the political space to 'let go'. As a result of the centralised system the focus of blame and responsibility is currently on ministers, and it will be difficult to realign this. (Devolution to Scotland and Wales has managed to largely avoid this problem, but this may be partly as a result of media support for the idea in each nation. There might however be lessons from this which could be applied to local government devolution?)
- **Concerns of other local institutions**
It cannot be assumed that other local institutions such as health, schools, police and the voluntary sector will be content to allow local government a local leadership role. There are fears about local government 'supremacy' and issues of trust.
- **Illusion of control under current system**
Centralism gives government the powerful and seductive illusion that it has levers to pull which will influence services on the ground. It also provides a way of managing the demands of different groups who lobby central government over various issues because government can claim it will respond.
- **Failure**
How will failure be managed and by whom? What will be the recovery capacity?
- **Measuring success**
If minimum standards are to be agreed and objective accountability achieved, the current system of inspection, performance management and targets needs to be re-thought.
- **Capturing the public imagination**
It is agreed that any system of governance and service delivery should have the support and understanding of the citizen and user. There is a challenge in explaining new arrangements. Foundation hospitals for example do not yet appear to have gathered significant or vocal public support, despite being presented as enabling the direct involvement of patients and a better service. How can devolution to the local level capture the public imagination and interest?



6. A short term way forward – Freedoms and Flexibilities local government could use right here, right now

Having established a best and worst case scenario for a Brave New World, and considered additional barriers to change, the challenge is to design a response which on the one hand provides a route map for achieving the former, while avoiding the pitfalls of the latter. While the Freedoms and Flexibilities agenda as currently conceived may not in itself provide the radical re-engineering of central-local relations, it does provide an interim means to an end - the first step on the journey.

Putting the radical agenda to one side, there are a number of freedoms which could make a difference to the way that councils currently work and which are realistically achievable in the short term. These are followed by a number of other freedoms which arguably move towards the 'more radical' category to be considered in more depth later. The result of a brief brainstorm, these lists are not exhaustive, nor are they necessarily ideas which everyone would sign up to. However, they do arguably represent a small piece of a much larger picture, and illustrate practical examples of things that could be changed, some with relative ease, which would make a big difference to the ability of local government to perform its role as community leader and delivery agent of high quality services.

What Freedoms and Flexibilities might make a difference?

Short term - less radical

- Freedom to be trusted – more autonomy over the spending of money, rather than being made to spend money in ways determined by the centre
- Enable local government to move money around within council budgets – end of ring-fencing
- Freedom to charge – for 'extra' services etc.
- Enable the moving of money between agencies
- Freedom from procurement rules – being able to buy into something that is working elsewhere without 'going through hoops' in order to re-invent the same system
- Being allowed to pilot financial arrangements
- Remove the right of appeal for the public about some council decisions – layers of complaint often cause decisions to be made several times
- Enable local stakeholders to operate together – within that agreement allow more freedom
- Freedom to trade: repeal Section 5 of 1987 Act
- Freedom to move into markets – market management

Long term - more radical

- Allow different governance arrangements for local services
- Freedom to plan jointly across local institutions, pool resources and share data
- Freedom to work across boundaries, both physical and institutional
- Freedom from legal constraints – ability to enforce. There are often obstacles in the way which prevent local government doing things which it knows need to be done, would make a significant difference to local communities and which make no sense to local people, thereby undermining the relationship between local government and citizens – for example local people might not understand why local government does not act upon compulsory purchase derelict buildings. Ability to speed up the system.
- Ability for local government to raise money and invest in infrastructure - currently outside its remit, this would make a massive difference to local people's lives, for example if applied to the rail network, and could be done with money from taxation etc.

- Government statute to allow pilot authorities to ‘act illegally’ – suspend legislation in certain areas to allow experimentation and local government to respond – an extension of the Enterprise Zone model. Enable local innovation – free areas from national plans.



7. Freedoms and Flexibilities, the best case scenario part two: Joined-Up Democracy

Some of these suggestions, particularly those in the second more radical list, are moving towards a fundamental redesign of the way governance operates at the local level – a new system of joined-up democracy. There is consensus that local government cannot – and should not – deliver on its own, and that there are huge benefits to be gained from thinking about the locality as a distinct area, with its own set of needs and aspirations, which can best be delivered through an alignment of governance arrangements and local vision.

Perhaps the most challenging aspect therefore of the joined-up governance debate is the need to deliver Freedoms and Flexibilities beyond local government, and into other public services. Devolution down service silos will have limited impact; the real benefits are to be achieved at the edges of service boundaries.

The current ways in which local institutions are structured and services delivered make little sense to the citizen and user. Much of local government's frustration arises from the common confusion about which institution is responsible for what service, and often the local authority is perceived to be responsible for, or have influence over, much wider agendas than is currently the case. As suggested above, real improvements will not be achieved until local agencies can plan jointly, pool resources and share data.

In order to put flesh on the bones of this joined-up vision of local governance, we considered the potential such a system would have to make a difference across key service areas – education, health and crime. Again, these are not intended to be exhaustive lists of improvements, simply brief considerations of where the benefits might lie.

Education

A key factor in enabling local authorities to have an impact at a local level is through a shared set of priorities between central and local government. The top education priorities for central government are how to tackle under-performing schools and pupils at the primary stage, and what to do about the variable quality of secondary schools.

There is a clear role for local authorities in these agendas. On the ground, with a unique understanding of local contexts, the council can identify both broader issues in localities, and also the circumstances under which schools are operating. With this understanding, the local authority can work closely with the schools, heads, governing bodies to challenge, promote improvement and even plan interventions where needed. In addition, within the local authority's wider strategic overview and community leadership role, the concept of the community/extended school could be developed in partnership, support made available to parents and links between schools and other local service bodies developed. Schools themselves cannot bring about this wider strategic and community-focussed view, and neither can it be seen from the centre.

Local authorities need to be able to challenge poorly performing schools which are resistant to change or external help. More flexibility over the spending of resources will be necessary to enable this, and also to enable 'beyond school' expenditure. There should be less concentration from central government on the individual schools themselves, as this reinforces a restricted view of the role of the school within the locality. The setting of targets or incentives, and measuring achievement through assessments, may not be the most appropriate way of measuring success in this new structure, and will need to be re-thought in order to reflect a more holistic approach.

One way of developing this new role for local authorities in education might be to focus on excellent councils, as arguably they are most likely to have effective working relationships with their schools already. It is recognised that there is the need to equip/incentivise 'less good' authorities to take on this role.

Health

The national report on health inequalities was a good report, but had unrealistic expectations on the delivery of improvement. There is scope within already existing initiatives to join-up thinking on the health agenda, for example by including health in the local authority Power of Well-Being and making connections with the Green Paper¹ on children which assigns responsibility to councils. Current problems with the local governance of health include the way in which acute hospitals draw resources out of the PCTs and therefore make investment in public health difficult, and the lack of resources for preventative work.

The Local Public Service Agreement could provide a means of enabling councils to act as strategic brokers, agreeing targets and outcomes, five years ahead and beyond, and placing responsibility upon councils for delivery. This would enable councils to focus beyond a narrow health agenda and take a more strategic view which encompasses other inter-related agendas such as housing and the environment.

For this to be achievable, there needs to be a joint funding pot and Freedoms and Flexibilities for health agencies. There must be mechanisms for local people to decide what priorities are right for their local health profile (and this mobilisation of local communities should be an additional incentive to central government). The local arms of central agencies must be empowered, and it must be possible to negotiate local exceptions to central drivers.

A pragmatic approach to making this happen might include pilots in a small number of areas in which local authorities and health agencies have already demonstrated the capacity to work and deliver together. There should be the ability to sign up for shared outcome targets, but no imposed processes from the centre about how to deliver. There should be transparency about the processes by which progress is made and ways of sharing learning.

Crime

The definition of crime in this discussion should include 'conduct in the public domain', incorporating anti-social behaviour, risk and fear of crime. This is how citizens experience 'crime' in their day to day lives and it is often low-level anti-social activity which impacts most upon citizens' quality of life.

Local police forces need to be able to set local priorities according to evidence about local problems and direct resources accordingly. Therefore operational police targets could be set nationally, but risk and conduct issues could be determined according to local circumstances. In these new arrangements a way must be found of balancing national and local targets. In addition, there would need to be a new way of measuring impact – for example a reduction in the numbers of complaints as opposed to measuring the number of Anti-Social Behaviour Orders which have been issued.

¹ Department of Education and Skills (2003). Children's Green Paper *Every Child Matters* www.dfes.gov.uk/everychildmatters/pdfs/EveryChildMatters.pdf

A route map to achieving a new localised approach to crime could be to pilot the local accountability of police, exempt from central command and control and held to account by local government. A strategy for tackling crime, fear of crime and anti-social behaviour at the local level should be comprised of neighbourhood wardens and other initiatives concerning the management of the public realm. In addition, there could be a single 'brand' – managed by the police or local government - to help increase accountability to the public.

The achievability of any of this depends on productive debate between the Home Office, Treasury and practitioners.



8. A pragmatic route-map to a Brave New World: Second Generation LPSAs

Within this more radical agenda, there are also a number of pragmatic options available which offer a short to medium term route to longer term change. It is recognised that in order for local government to make compelling arguments to central government about the need for genuine restructuring, there must be a pragmatic, short term route map for achieving this. Second Generation LPSAs, currently being considered and consulted on by government, have the potential to act as a vehicle for joining up agendas if they are delivered in partnership across service boundaries, for example with health and police.

The first generation of LPSAs failed to offer genuinely radical opportunities, for several reasons including:

- Lack of commitment across major central government departments. ODPM had the commitment but not enough influence to lever in the support of others
- Local authorities were not always demanding and ambitious enough about what they wanted from central government
- The balance between central and local targets was wrong

However, some developments were made, and it is agreed that there is scope for the model to be genuinely re-conceived as the 'Second Generation' as opposed to the 'second round', and to include many of the opportunities and ideas about Freedoms and Flexibilities presented here. In order for this to be achieved, local government must be able to construct a compelling 'offer' to central government about why Second Generation LPSAs have the potential to answer central government's questions. Why should central government find these ideas compelling? Why will they deliver elusive improvements? How will new arrangements be governed locally? How will central government manage both the transition and the new arrangements themselves?

It is agreed that joined-up democracy will help enable improvements in public services, and inclusive, engaged communities. Some things which need to happen and the benefits which will occur are outlined here.

What is the offer?

To enable a local, joined-up approach to service delivery, there must be **a rationalisation of plans**. The Community Strategy might be appropriate as a core document, and local cross-service targets might be incorporated into this.

Localities where local authorities which are already demonstrably ready to progress beyond the Community Strategy, and where there are also demonstrably effective local organisations (for example a 3 star-rated hospital), could pilot the new approach of a partnership LPSA. The pilot approach enables both local and central government and partner agencies to see what works, and could act as a form of **action research** enabling **evidence-based policy decisions** later.

With their more strategic, joined-up approach, Second Generation LPSAs could build in wider **cross-service ways for citizens to access services**, through public access portholes and shared locations.

Areas piloting this approach should not only work across service boundaries, but could also **build ways of working across geographical boundaries**, enabling **stronger local authorities to work with weaker neighbouring ones**. This would enable **peer improvement**, and answer central government questions about how to **incentivise good local authorities to work with poorer ones** and **how to improve performance in weak or 'coasting' councils**.

In addition, there are arguments to be made about joined-up governance **supporting and enabling the development of regional economic policy**. The joined up LPSA has a role to play in economic regeneration.

Throughout it is crucial to stress the **outcomes which will be achieved for citizens**. The focus must remain on actual citizens' perspectives and targets must be answerable to citizens' concerns.

Because of the essentially local focus of the new arrangements, it is important that no single model of governance is required. **Governance arrangements should be tailored to reflect local needs and circumstances**. It would be more appropriate to lay out the principles which should guide the creation and construction of governance arrangements – to sign up to the questions which any system of democratic governance needs to answer, and enable local discretion within that.

In addition **new governance arrangements should help answer key questions about participative democracy at the local level**: who are going to be the governors of the future? New arrangements should help bring in a **new cadre of people** who reflect the diversity of stakeholders.

What needs to be done?

Freedoms and Flexibilities and Second Generation LPSAs are a new language for both local and central government. As such, a strategy for opening up the conversation and helping central government to understand the reasons why these arguments are compelling from both local and central perspectives is needed. Freedoms and Flexibilities and Second Generation LPSAs must therefore be presented as a means to an end for the Government. It must be clear from the outset that this is a new conversation, not a re-spin of the first round of LPSAs.

The most appropriate parts of government must be identified. In the first round of LPSAs the most productive engagement was with the Treasury, but there needs to be joint sponsorship and other Departments must be bought in. It must be clear that this is not just a 'local government agenda' or just a concern for ODPM or the Treasury. Links must be made to other Departments, including Health, Education and Skills and the Home Office, as well as other 'thinkers' and strategists within Government – the Office for Public Service Reform, the Cabinet Office, 10 Downing Street, etc. It is essential that there is high level, ministerial commitment to drive change through the system. There also needs to be civil servants inside government departments who are responsible for relating to new cross-cutting governance arrangements, and effective relationship managers from the outset. From the start, local government must be tough and clear with central government about what it wants - and needs.

CPA should provide a tool with which to negotiate, and further development of these ideas should be linked to the development of the Government's review of the second round of CPA (2005-06) and the outcomes of the first round. CPA could be used to structure a two-speed approach to the development of new arrangements and pilots. However, this is not necessarily to say that pilots should be restricted to top-performing authorities – there could be a mix of councils from across the league tables, so that part of the learning would then be about enabling improvement through freedoms.

In addition, pilots must be brought into other agendas which are currently developing, including the Spending Review and the Innovations Forum of 'top performing' 22 Excellent councils which - with the LGA - is also working on several ideas that have influenced the discussion in this report. Initiatives must fit together to form a coherent picture about new ways of working and a local government argument about change.

The balance of central and local targets in Second Generation LPSAs must be carefully considered, and the benefits or ‘rewards’ of Second Generation LPSAs must go beyond performance reward grants.

The pilots (perhaps 20 or 30 to start with) could be constructed in different ways – packages, models, menus, or principles of governance allowing local determination of structure. The latter enables the most local discretion and would therefore lead to the most informative and experimental pilots, although a set of principles would need to be agreed first. In addition, there could be a smaller number of more radical pilots - ‘free cities’ given a set of powers and rights to take real responsibility for local services, to run the hospitals, police, education etc. In addition other options for experimentation within pilots could be considered – for example directly elected cabinets or differentiated forms of local councillors. More development is essential to identify ways of enabling accountability within new joined-up systems.

Finally, a way must be found both to articulate this to the public, and to create public support. Arguments to central government are necessary for making things happen, but ultimately this is about local public service and re-connecting improved services and outcomes to vibrant and healthy local democracies. A means of communicating new arrangements and engaging local people must be part of the development of any new arrangements.



9. Conclusion

The ideas represented in this paper do not represent an ‘answer’ or a solution to the challenges facing both central and local government. Improved services and healthy, engaged communities are not easily definable goals, and the ways in which they might be achieved are not easily captured in legislation or argument. One of the recurring arguments during the discussion at the NLGN Policy Summit was that not all policy arguments can be made consequentially – it is not always possible to look at the evidence and say that if one thing happens here it will have an effect there. Firstly the evidence just does not exist – examples from around the country or around the world cannot take into account the myriad of local cultural, economic and political variations which will impact upon systems of governance and service delivery. Secondly these systems are not scientifically quantifiable: the pulling of one lever cannot be guaranteed to produce an anticipated response somewhere further down the line. In fact these assumptions are the very flaws in the centralist system, and go some way to explaining central government’s frustration with the pace of change in systems which have been subject to years of command and control, extra investment from the centre, targets and inspections. It was suggested that at some point in negotiations of this kind a ‘leap of faith’ is required – an acknowledgement that everything which can be measured, argued and tied down has been, and yet there will always be a degree to which things remain unknown.

This report does not claim to hold all the answers, and is openly a starting point for a discussion which needs to be continued and developed much further between central and local government. Many ideas are contained within the report, not all of which would be signed up to by all members of the group who participated in the discussion. However, this is partly because of the very nature of what we are trying to address. No one system will be right for everywhere and everyone. Local discretion is key, and this will mean that places, systems, governance arrangements, people, and even outcomes are different. What needs to be created in the short term is a framework which is acceptable to both local and central government, in which there is flexibility for discretion and difference, which all stakeholders can sign up to and from which the centre and the local can learn from for the future. The Freedoms and Flexibilities agenda post-CPA and Second Generation LPSAs has the potential to offer just such vehicles at this stage in the journey to a Brave New World.



Appendix

Attendance list for NLGN 24 hour Policy Summit: Brave New World? Developing the Freedoms and Flexibilities Agenda for Local Government

**Facilitator: Sue Goss, Office for Public Management (OPM)
Tuesday 9 September – Wednesday 10 September, Weston Park, Shropshire**

Steve Bullock, Elected Mayor of Lewisham

Dan Corry, Director, NLGN

Leslie Elton, Chief Executive, Gateshead Metropolitan Borough Council

Peter Farnan, PFI Director, Caxton Consulting

John Foster, Chief Executive, Wakefield Metropolitan District Council

Sue Goss, OPM (FACILITATOR)

Peter Gould, Chief Executive, Northamptonshire County Council

Lucy de Groot, Director of Public Services, HM Treasury (joining IDeA as Executive Director)

Cllr Hazel Harding, Leader, Lancashire County Council

Katherine Kerswell, Chief Executive, Solihull Metropolitan Borough Council

Barry Hill, Practice Manager, Caxton Consulting

James Measures, Managing Director - Government Services, Mouchel Parkman

Cllr Simon Milton, Leader, London Borough of Westminster

Alasdair McGowan, Advisor, No10 Policy Unit

Ita O'Donovan, Council Manager, Stoke on Trent City Council

Ian Parker, Head of Communications, NLGN

Mike Pitt, Chief Executive, Kent County Council

Neil Pringle, Chief Executive, Herefordshire County Council

Barry Quirk, Chief Executive, London Borough of Lewisham

Anna Randle, Head of Organisation, NLGN

Peter Stachniewski, CPA Team, Audit Commission

Gail Shadlock, Director - Local Government Services, Mouchel Parkman

Colin Sinclair, Chief Executive, Sunderland City Council

Professor Gerry Stoker, University of Manchester and Chair of NLGN

Phil Swann, Director of Strategy and Communications, LGA

Sandra Wiles, Strategic Director, Blaby District Council

N.B. All titles correct at time of summit

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