

delivering **change**

New Ways to Modernise

Chapters 1,2 & 3

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contents

about the author and acknowledgements	4
foreword	5
1 introduction	6
2 methodology	7
3 the changing modernisation agenda	9
4 developments in modernisation and partnerships	16
5 the new wave of partnerships	32
6 new structures	44
7 other ways to modernise	54
8 concusions	62
appendix 1 case study table	67
appendix 2 case study participants	71
appendix 3 expert policy seminar attendees and steering group members	73
appendix 4 bibliography	74
partners	77

1 introduction

This report explores how local authorities are addressing the many existing and emerging challenges they face in the way they deliver services. It is a story about how imaginative, innovative and – above all – pragmatic local authorities find, from a wide range of options now available, new ways to modernise. In particular it looks at how councils are using partnerships and collaboration with the private and voluntary sectors, and with other councils, to address these challenges.

Modernisation and public service reform more broadly continue to create challenges for most local authorities. Redesigned and more responsive services, better access, more personalisation and choice in service delivery are at the top of the policy agenda. Increasingly, authorities need to deliver on less established agendas such as choice and community engagement. At the same time, government is seeking greater efficiencies, more value for money and better use of resources. With an unprecedented level of investment in public services the pressure is on local authorities to demonstrate success.

A wide range of options exist for councils to deliver service improvements; the choice over which vehicle will deliver the best results depends upon the individual authority and its needs. No 'one size fits all' model to deliver service improvement can be put forward to solve all problems. The choice of approach depends on many factors. This report draws lessons from a range of real-life approaches, to enable other authorities to learn from the experience.

Public Private Partnerships (PPPs) is a generic term for the relationships formed between the private sector and public bodies, often with the aim of introducing private sector resources and/or expertise in order to help provide and deliver public sector assets and services.

Source: 4ps

Public Private Partnerships (PPPs) are already playing a significant role in modernisation, as are partnering arrangements with the voluntary sector, public agencies and collaboration among different local authorities. Yet, modernisation and improvement can also be delivered with in-house capacity, drive and leadership for change without recourse to partnership with other bodies. In this context, this report examines a wide range of approaches, and attempts to understand why authorities choose particular options to address their problems and help them deliver improvement.

The report also examines how the overall partnership market has developed and the new trends and models that are forming. For example, some councils are already making use of the new freedoms and flexibilities provided in the Local Government Act 2003, and examples of this are included in the case studies.

2 methodology

The report is based on a series of case study interviews conducted by myself and Bob Arnold – a freelance consultant. In total, we reviewed 24 partnerships in local government and interviewed 60 practitioners from the public, private and voluntary sectors. The partnerships ranged in nature and included public-private, public-public-private, public-public and public-voluntary. Those interviewed were directly involved with the operation, management and overview of the partnerships concerned. 95% of the interviews were held in person and the remainder either sent in written submissions or were interviewed over the telephone. The selection of case studies was guided by the project’s Steering Group, expert policy seminars and desk research, to identify good practice in modernisation and partnership. Further details can be found in the appendices.

The case studies cover a variety of service areas, delivery structures and local authority types. The report draws directly on the case study interviews, with quotes attributed where appropriate.

The two ‘Expert Seminars’ held by NLGN were attended by local authority practitioners, private sector organisations, and officials from various government departments and agencies: HM Treasury, the Department of Health, the Office of Deputy Prime Minister and the Audit Commission. The involvement of these bodies helped inform the overall narrative of the research, and NLGN also consulted six government departments directly on the emerging findings and the partnership agenda more generally.

A draft copy of this report was also reviewed and commented upon by the Steering Group, the case study participants, some of the ‘experts’ who attended the policy seminars and a number of local government practitioners.

Project aims

This report seeks to add to the partnering debate without duplicating previous efforts by other research organisations and the ODPM’s Strategic Partnering Taskforce (SPT).¹ Much has been written about how to get partnerships right and when to use them. The current study aims to move the debate on by highlighting new models of service delivery and providing examples of good practice where partnerships deliver modernisation and address the new agendas, seeking to:

- Understand what local authorities are doing to modernise services and serve local communities
- Highlight the challenges and new agendas now facing local authorities and how they are being addressed
- Investigate how partnerships with the private, public and/or voluntary sector help address these challenges
- Identify new trends and new ways of working in the partnership market
- Provide some guidance on how more authorities can engage in these new agendas
- Give recommendations as to how the private sector, central government and other stakeholders can help authorities to modernise

¹ The Strategic Partnering Taskforce was a Research and Development Programme run by the ODPM from September 2001 to March 2004.

Case study finder

Colchester Borough Council	38
Consortium Audit/PwC	35
Essex County Council	30
Gedling Borough Council	39
Herefordshire County Council/Jarvis	50
I-APU Kent County Council/Swindon Borough Council	59
Lancashire Waste Partnership	34
Leeds City Council/Capita	56
London Borough of Barking and Dagenham/accord	28
London Borough of Camden	38
London Borough of Greenwich/Deloitte	46
London Borough of Greenwich BSF	49
London Borough of Hounslow	53
London Borough of Islington/Cambridge Education	56
London Borough of Westminster/Vertex	25
Newcastle City Council/North Tyneside Metropolitan Borough Council LIFT	37
Norwich City Council	42
Nottingham City Council/Kendric Ash	54
Sheffield City Council/Kier	27
Solihull Metropolitan Borough Council	36
Suffolk County Council/Mid-Suffolk District Council/BT	33
Surrey County Council/VT Group	29
Swindon Borough Council/ Tribal	57
Wakefield Metropolitan District Council	18

3 the changing modernisation agenda

This chapter sets the context of the modernisation agenda as it relates to service delivery and the challenges increasingly faced by most local authorities, such as the need for efficiency gains, service improvement, user choice, community participation, and so on.

The 1998 White Paper, *Modern Local Government: in Touch with the People*, set out a framework for the modernisation of local government.² Local authorities were expected to improve local service delivery drastically and to find better ways to involve and engage with the public. They were challenged to provide a new kind of political and managerial leadership for their communities, and to deliver joined up services.³ These expectations provide the context for this research.

Central to service delivery was the introduction of the Best Value regime in 2000, to replace Compulsory Competitive Tendering (CCT). While CCT had been suspended in 1997, its legacy certainly remained at the time – and to some extent still does. Many councils resented the element of compulsion explicit in CCT, which led to distrust towards competition and an adversarial relationship between large parts of the local government world and private sector providers.

This report serves to highlight those authorities for whom this legacy is a distant memory – those who, whether explicitly or not, have taken on board the spirit of Best Value. Councils are required to Challenge, Compare, Consult and use Competition (the ‘four Cs’). Although councils are able to demonstrate compliance with this on paper, in spirit the application of the ‘four Cs’ has been variable.

Six years on, the modernisation agenda is not outdated. Many local authorities are still struggling to tackle service improvement and community leadership, even if we have pretty much seen the last of the ‘basket case’ authorities. Conversely, while many have made great strides, there is still a great deal to be done overall. Modernisation, after all, is only modernisation if there is continuous change and improvement. As we make progress, emerging agendas feed into our understanding and practice of modernisation. In addition, the ‘old’ agendas that have been with us for a few years need to be constantly revisited. The following pages summarise the significance of these ‘old’ and ‘new’ agendas, beginning with the most established.

Local service improvement

With an unprecedented investment in public services, the need to deliver and demonstrate high quality services is a continuous pressure on local authorities across the country. Citizens are now able to access performance data and assessment reports and can see exactly how well their local council delivers in particular service areas. Councils fit to serve 21st Century citizens and customers need to be able to provide seamless and joined-up high quality services. They need to offer 24 hour access through a variety of access channels, offer more user choice and personalisation of services whilst delivering continuous improvement and innovation.

Partnerships with the private sector play an important role in this context, because of the latter’s experiences in customer care and focus, technology delivery, process improvement and quality cultures. A partner can help bring the kind of improvements for which authorities lack internal capacity. Through new management practices and cultural step-change, partnerships can bring about the improvements necessary to deliver modern public services in the future.

Joined up services and Local Area Agreements

Over the past few years, joined up service delivery has become such a commonly stated objective of local authorities that it has become a cliché.

Local government provides a wide range of services to citizens, often via a large number of departments and service units. If the responsibility for delivering a service is split in this way it is likely to result in higher costs, as well as greater opportunities for error and delay. For the user of the service, the primary need is to complete a transaction of some kind. Joining-up services adds value for the user if it makes a complete transaction simpler, quicker or more reliable. Most citizens and users of council services do not understand the intricate make-up of council services; all they want is simple solutions to their problems. Gone must be the days when citizens called their council just to be endlessly transferred between different departments. While council departments may operate in silos, are inward-looking and used to protecting their fiefdoms, all citizens see is ‘the

² Department of the Environment, Transport and the Regions (1998) White Paper, *Modern Local Government: in Touch with the People*, London: HMSO

³ Office of the Deputy Prime Minister (2001) White Paper. *Strong Local Leadership: Quality Public Services*, London: HMSO. This built on these initiatives, and aimed to improve public services and local leadership further by building on the relationship between local and central government as well as that between local government and the community.

Council'. Authorities need to view themselves through the citizen's eyes to enable them to have one-stop encounters.

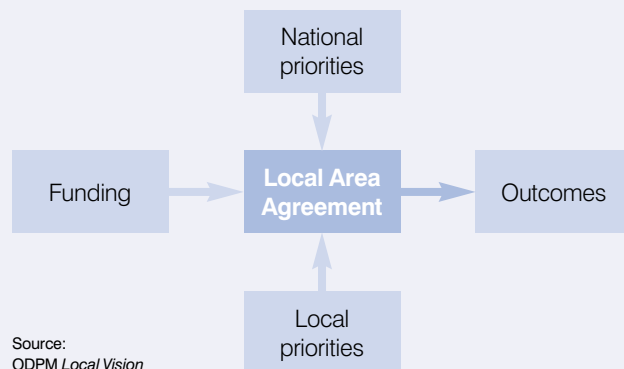
New technologies play a big role in this context. Many ICT (Information and Communications Technology) and CRM (Customer Relations Management) partnerships in local government have revolutionised service delivery and opened up new access channels for service users. The Government has made significant amounts of e-government funding available for partnership initiatives to support joined up working between local authorities and other public bodies. Between 2002/3 and 2004/5, £68m was spent to assist local e-government partnerships.

With the introduction of Local Area Agreements (LAA), joined up service delivery might have become more of a reality. LAAs are being piloted across 21 councils for three years and it is hoped that they will "simplify the number of additional funding streams from central government going into an area, help join up public services more effectively and allow greater flexibility for local solutions to local circumstances".⁴ The expectation is that this will lead to savings both in the frontline and in bureaucracy. At the Delivering Sustainable Communities Summit in Manchester in February 2005, the Government announced a further pilot phase of 40 agreements to be in place by April 2006 and expressions of interest from local authorities to participate in the pilot have been invited.

LAAs are seen as a new way of working to build a more 'flexible and responsive relationship' between central government and localities on the priority outcomes that need to be achieved at local level. They will be driven through by the local authority in partnership with the Local Strategic Partnership (LSP) to ensure engagement of local partners, and negotiations will be overseen by the respective Government Office and signed off by ministers. Achieving this new relationship will require a significant shift in the way central and local government relate to each other and to other local partners.

LAAs will be structured around three key themes: children and young people; safer and stronger communities; and health and older people. Authorities and their partners will negotiate clear targets and outcomes around the three service 'blocks' with central government, but some freedom is promised in deciding locally how best to achieve them.⁵

The principles of Local Area Agreements



Local Public Service Agreements (LPSAs) will form a key part of the deal, offering reward grants for performance, worth 2.5% of councils' overall budgets.

Citizen/community engagement and participation

Engaging with users is one hallmark of the 21st Century council. Too often, professionals assume what service users and the community want; too often they get it wrong. At the heart of improving service delivery needs to be the engagement of local people in planning and managing services. Councils are now required to draw up Community Strategies and consult local citizens. Traditionally, the private and voluntary sectors have been much more experienced at customer feedback and consultation as it is vital for their survival in a competitive market.

Councils need to develop meaningful consultation mechanisms to get feedback from their citizens on how they can improve local services with the user at the centre of change. Community participation in service delivery obviously stretches well beyond consultation. Resident and user groups and their involvement in the management of partnerships and local services can add great value to local democracy well beyond four-yearly elections. Tenant groups, Foundation Hospitals, Community Interest Companies (CICs) and Public Interest Companies (PICs) can be examples of such participation. And there are also examples of service delivery partners being able to facilitate community engagement, despite – in some cases – local authority resistance.

⁴ Office of the Deputy Prime Minister (2004) *Local Area Agreements: A Prospectus*, London: HMSO. Available at www.odpm.gov.uk/stellent/groups/odpm_localgov/documents/downloadable/odpm_locgov_030564.pdf

⁵ Telford & Wrekin Borough Council are the only one of those not addressing one of the three blocks, instead taking a whole authority approach.

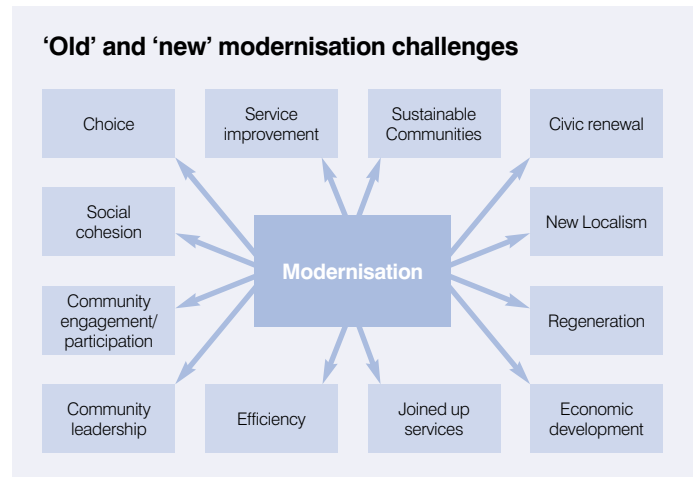
Community leadership

To re-engage with their electorate, local authorities need to be leaders of their localities and communities. Community leadership involves developing a vision for the locality, working in partnership with the public, private and voluntary sectors to deliver that vision and guaranteeing quality services for all. These changes have made new demands on elected members and officers. Different relationships, more emphasis on networking and brokerage and new skills and competencies have been required of them. There continues to be a need for training to ensure that these skills sets exist across local government.

New challenges for modernisers

None of the above issues are outdated and many are interlinked, but there are also new agendas to be met and the stakes are continuously being raised for councils. The world local authorities exist in has changed since 1997. Where so far service improvement has largely meant 'on time' and 'on budget', today it also means offering users greater choice, New Localism and decentralisation, greater efficiencies, community engagement and a part in the regeneration of their communities and the locality.

With continuing low election turnout and falling political party membership (although probably not overall political interest), both central and local government need to find new ways to engage with citizens and to address the new challenges to create services that are appropriate for 21st Century communities. The remainder of this chapter discusses these newer challenges.



Efficiency

Delivering efficient services is not a new agenda. However, when the Efficiency Review reported back in July 2004, efficiency was propelled to the top of the agenda and created another target that local authorities must meet. The demand to make 'efficiency gains' of £6.45bn by 2007/8 puts pressure on all local authorities to rethink the way they procure and provide services.⁶ It built on the National Procurement Strategy (NPS) and other reports⁷ which had already highlighted some of the shortcomings in the way councils bought services.

The savings are expected to be achieved mainly through new methodologies such as standardisation of best practice, partnering, shared/collaborative procurement, and the use of market power.

Councils now have to be able to measure and report on what they are achieving; for which useful metrics need to be identified. The Atkinson Review was commissioned in December 2003 to provide guidance on effective methods of measuring efficiencies and a final report published in January 2005.⁸ Government now requires authorities to produce "Annual Efficiency Statements". The intention is also to incorporate efficiency progress reporting

⁶ Sir Peter Gershon (2004) *Releasing Resources for the Frontline: Independent Review of Public Sector Efficiency*, London: HMSO. The 2.5% efficiency gains required of local authorities every year do not need to be savings. Efficiency gains can be bankable (i.e. delivering same for less) or non-bankable (delivering more for the same). However, councils need to prove that they are making these kinds of 'savings' without adversely affecting service delivery. It is not yet entirely clear how these efficiency gains will be measured and assessed. For example an authority might be able to make savings and spend less on a service, but at the same time the service quality drops. However, 50% of the gains must be cashable, that is, freeing up resources to spend on front-line activity.

⁷ ODPM (2003) *National Procurement Strategy for Local Government*, London: ODPM; Audit Commission (2002) *Competitive Procurement*, London: Audit Commission; Byatt, I. (2001) *Devolving Better Services for Citizens: A review of local government procurement in England*. The Audit Commission's report *Competitive Procurement* noted that only around one-quarter of councils had specific arrangements in place to enhance their procurement skills and their ability to make the best use of competition, while the Byatt review noted that local authorities lacked enough people of the right skills to implement a programme of radical improvement in their procurement function.

⁸ Office for National Statistics (2005) *Atkinson Review: Final Report – Measurement of Government Output and Productivity for the National Accounts*, London: HMSO. The review was concerned with the methodologies for the measurement of government output, productivity and associated price indices in the context of the National Accounts. The final report makes 54 recommendations including recommending nine principles as a framework to the measurement of government output, input and productivity.

and assessment into the CPA framework. The Audit Commission is actively working on the best ways of achieving this and has been asked by ODPM to include an assessment of annual statements of efficiency gains achieved in their 'use of resources' assessment for CPA. The implications are pretty obvious: in the future there will be a link between CPA score and a council's progress on the efficiency agenda.

According to the NPS, nearly half of local government spending is on procurement and procured services (in excess of £40bn per year) and Gershon's report identifies the need to look at how better value for money could be achieved by "more collective and professionalised purchasing" across the public sector.⁹ Partnerships and collaboration play a particularly significant role in this context, and Regional Centres of Excellence have a key role here (see box below).

Regional Centres of Excellence

In February 2004 ODPM announced nine centres of procurement excellence to support local authorities by providing expertise and sharing good practice within a region. In September 2004, their role expanded to Centres of Excellence and they are to now provide the lead change agent role for local government in delivering greater efficiency.

Joint guidance produced by the ODPM and the LGA states that "the centres will lead by example and act as the focus for support and guidance on procurement in the region, especially for those authorities categorised as 'poor' or 'weak' in CPA terms".¹⁰

The key role of the centres is to implement the National Procurement Strategy for local government with key themes including building capacity, partnering and collaboration, e-business, market building and community benefits. It is important that the centres receive the buy-in from all local authorities within the region. Something that might be difficult, as some councils are unhappy that Whitehall is telling them to join up more and work with their

neighbours; especially as the regions lack democratic accountability. However, they have huge potential to showcase best practice and share learning in partnership working and excellence in service delivery with all councils within an area.

The nine regional centres are:

North East	Gateshead Metropolitan Borough Council
North West	Tameside Metropolitan Borough Council
Yorkshire and Humberside	Leeds City Council
West Midlands	Worcestershire County Council
East Midlands	Nottinghamshire County Council
East of England	Norfolk County Council
South West	Dorset County Council
South East	Kent County Council
London	Association of London Government on behalf of the London Boroughs

The joint ODPM/LGA capacity building fund provided £3.6m funding per year for the centres for the financial years 2004/5, and this has been increased by a further £20m for 2005/6.

Enhancing user choice

Choice has become the new modernisation mantra for some; others fear that it means little else than 'privatisation'. In practical terms, both views are incorrect; enhancing choice provides a means to an end, a tool for service improvement. To regard choice as the panacea for all problems in public services is flawed; however, the introduction of greater user choice is a useful mechanism to establish what people really want, therefore allowing for greater allocative efficiency.

Choice can obviously mean many things: from individual choice to collective choice, and from choice of provider to service option. In NLGN's key report *Making Choices*, user choice was defined as "delegated decision-making", giving the user the power to decide over service options or provider.¹¹

⁹ Gershon (2004), op.cit.

¹⁰ www.constructingexcellence.org.uk

¹¹ Lent, A. and Arend, N. (2004) *Making Choices: how can choice improve local public services*, London: New Local Government Network

The reality of choice is still limited to a few well-known examples, such as choice-based lettings and direct payments, and local authorities are only starting to experiment with new forms of choice, often linked to access and new technologies. This links it to other agendas, such as social inclusion. Allowing for choice mechanisms to be established in service delivery where a private provider is involved demands for great flexibility by both provider and contract.

The choice agenda will also have an increasing impact on partnerships and the way contracts are written. Previously these have often been too inflexible to allow for choice mechanisms to be introduced. This is an area where a lot more development will be seen over the next few years. However, it is vital that local authorities think pro-actively about those services where choices can and should be introduced, and how this might affect their partnerships.

Although choice can work as a mechanism to establish user preferences and therefore deliver greater efficiencies, it is important to bear in mind that there might be a tension between greater choice and public service efficiency. Appearing before the House of Common's Public Administration Select Committee in February 2005, Sir Peter Gershon highlighted the "paradox" between two of the government's major policies of increasing the choice of public service users, while trying to deliver greater efficiencies. Gershon said he "would restrict choice" in service provision: "If you look at the investment that is going on in e-government, there is no point in doing it if all you do is create a new channel and you still have to leave all the costs of the old channels in place".¹²

Gershon's comments are obviously limited to the e-government elements of choice, where new technologies have widened users' access channels. He does not consider the kind of efficiencies some choice schemes are believed to be delivering, for example in terms of direct payments and their impact on care costs.

New Localism and decentralisation

The Government is also increasingly committed to New Localism, so modernisation also means refashioning the

relationships between the centre and local government, and local government and the community it serves. There is an increasing appetite amongst government officials for greater devolution because of the many advantages that it has over command and control approaches to service delivery. But also because it may be the best way of rekindling public engagement in our democratic processes.

Speaking in Autumn 2004, Gordon Brown said: "The new progressive politics cannot be a reality unless we make local accountability work through reinvigorating the democratically elected mechanisms of local areas – local government".¹³

NLGN has done much work in this area. In a defining pamphlet *Joining-Up Local Democracy: governance systems for new localism*, colleagues observed: "New Localism is all about creating a greater sensitivity to local circumstances and more local involvement in decision making".¹⁴ This might even include elements of neighbourhood management and governance: the management of local open spaces by a trust, a form of collective choice within a locality, being one example of this.¹⁵

Partnerships generally operate across the entire local authority geographical area. Often these areas greatly differ and some services and responses might need to reflect these differences, which again will impact upon partnership arrangements and the flexibility that is required of them. Some authorities are using 'locality working' to respond to the diverse needs of their communities.¹⁶ At the heart of locality working is the belief that solutions to local problems are best achieved by working locally – it is local people and organisations that have essential local knowledge and know what will make their lives better. In the context of partnerships, this means an element of flexibility to allow for local discretion and tailored approaches for different areas.

Cross-boundary working

Cross-boundary working and shared services can deliver economies of scale and Gershon-type efficiencies; and the latter review recommends that councils work together, whether to jointly procure or to share service delivery responsibilities. Either way, the benefits are numerous, as cross-boundary working:

¹² *Public Finance* (2005) News analysis: 'Gershon warns of need to limit choice', 11 February

¹³ Speech by Rt Hon Gordon Brown MP to *Compass*, 22 October 2004

¹⁴ Corry, D., Hatter, W., Parker, I., Randle, A. and Stoker, G. (2004) *Joining-up Local Democracy: governance systems for new localism*, London: New Local Government Network. See also See Corry, D. and Stoker, G. (2002) *New Localism: refashioning the central-local relationship*, London: New Local Government Network; Corry, D. and Parker, I. (2005) *The Modernisers' Tale: why modernisation in local government must continue*, London: New Local Government Network; and NLGN (2005) *New Localism in Action*, London: New Local Government Network

¹⁵ Lent and Arend, op. cit.. See also Raynsford, N., Bruce-Lockhart, S., Wilson, J. and Bundred, S. (2004) *'Choice Cuts': essays on the improvement of local public services*, London: New Local Government Network

¹⁶ Randle, A. and Arend, N. with Panchal, K. (2004) *Vitality through locality: lessons from Suffolk and Lewisham*, London: New Local Government Network

- allows councils to make the best use of specialist services where skills and expertise might be thin on the ground;
- is a powerful promoter of mutual learning;
- provides an incentive to improve;
- allows authorities to develop integrated, inter-agency and customer focused services provides the opportunity to make savings when jointly procuring strategic partners; and
- gives the partner authorities more clout with private companies through jointly seeking a private sector partner and sharing bid costs.

On the whole however, local government remains slow to recognise the benefits of joint working. Although there is a lot of interest, the track record remains poor and more needs to be done to incentivise local authorities to take part in this agenda. In 2003, NLGN conducted a research study looking at the extent to which local authorities were collaborating across council boundaries¹⁷, and asked what it was that enabled those authorities studied to pioneer this new model of working together. The picture was bleak: only a handful of councils were partnering with a neighbour, despite the obvious benefits.

The study identified a whole host of 'invisible barriers' that often delay decisions or prevent even the merest consideration of joint arrangements. These included:

- parochialism;
- traditional rivalries;
- vested interests;
- culture and attitudes; and
- the notion of being able to 'do it ourselves' as an ultimate test of local sovereignty – something common to council members and officers alike

NLGN's research also uncovered both a general fear of failure and fears relating to potential partners – their historical baggage, relative size and performance ratings, and the ways in which values, policies and priorities might differ between authorities.¹⁸ Generally, it is officer attitudes that form the major barrier, but local politics can also be a hindrance to further collaboration. A 4ps/MJ survey suggests that the principal barrier preventing councils from working together to deliver common services efficiently was local politics – 19% of respondents; while 11% believe it is time and resources that needed to be committed to make relationships of this kind work.¹⁹ Lack of willingness to co-operate, fear of losing control and parochialism were the other highest responses.

An obvious drawback for a private sector partner engaged in a cross-boundary delivery arrangement with two or more local authorities is the difficulties that may arise in reaching agreements. The more people sat around a negotiating table, the more the likelihood of delays in decision-making and more complex contract arrangements. Some private sector companies are wary of these kinds of consortia – and with good reason when there are more than enough examples of abortive and fragmenting relationships often late in the tendering stage, when bidders will have already spent a lot of money. They fear that some authority partners might pull out, unless there is assurance that the underlying strategic goals, aims and fundamental joint working relationships are robust from the beginning.²⁰ Therefore, relations with the potential private sector partner need to be carefully managed and sufficient reassurance needs to be provided for a real partnership to develop.

New freedoms and flexibilities

Some new freedoms and flexibilities have been introduced for councils, particularly top-performers and LAA pilots. The 2003 Local Government Act introduced unprecedented powers to trade for those councils that achieve a CPA assessment of fair, good or excellent; and the power to charge for discretionary services, which is available to all councils.²¹ Any trading must be done through a limited company, and it is hoped that it will help create a dynamic and entrepreneurial sector that will increase diversity and choice in the delivery of local public services. This

¹⁷ Roxburgh I. and Arend N. (2003) *Crossing Boundaries: new ways of working*, London: New Local Government Network

¹⁸ Roxburgh and Arend, op. cit.

¹⁹ 4ps/MJ Survey (2004) *Best Practice Procurement and Efficiency Survey Results*, London: 4ps

²⁰ Evidence from ODPM Efficiency Symposium, 1 October 2004

²¹ Local Government Act (2003), London: HMSO

will have an impact on partnerships too, as councils might seek a private or voluntary sector partner to help them share the investment and risk – or to import skills.

Obviously there is an element of risk involved, as in every business venture. It remains to be seen whether local authorities will grasp this new opportunity. Under the same legislation, prudential borrowing powers were introduced in April 2004. These give all councils the freedom to raise finance for capital expenditure – without government consent – where they can afford to service the debt without government support. Councils' investment plans must be affordable, prudent and sustainable and the impact on council tax or housing rents acceptable.

This will probably lead to authorities financing smaller projects through the new borrowing powers, rather than through the Private Finance Initiative (PFI), which is in line with recent Treasury guidance. *Meeting the Investment Challenge* quietly announced some radical changes to PFI projects.²² It called an end to projects with a capital value of less than £20m (because of the disproportionate setting up cost) and IT projects (because of the constant change in technologies). In future, PFI will be mainly used for large construction projects, such as hospitals, schools and council housing. Clearly, this does not necessarily mean that

service delivery needs to remain in-house. It can still be outsourced, while the authority borrows to finance capital costs – raising the prospect of more projects being part publicly, part privately funded.

An early evaluation by the LGA appears to suggest that around half of all councils are already using the new borrowing powers, or have plans to do so.²³ But it also suggests that many shy away from the risks involved and the consequent demands to cover the cost. By far the biggest barrier to borrowing is councils' unwillingness to push debt repayments onto council tax bills – 86% of authorities cited this as the main limitation to the power. And even where they are using the new powers to borrow, they are generally using them for relatively straightforward activities, such as financing social housing and car parks.

One noteworthy side effect of the introduction of this means of financing is that the focus on PFI as a – or rather *the* – financing tool may soften. This might help PFI to be seen instead as simply one procurement tool in the local authority toolkit.

Having looked at how the constituent parts of the modernisation agenda have been moving on, it is now time to examine the role of partnership in these agendas.

²² HM Treasury (2003) *PFI: Meeting the Investment Challenge*, London: HMSO

²³ An estimated £900m of prudential borrowing is currently contributing to capital investment programmes in England and Wales in 2004/05 according to: Local Government Association (2004) *Loosening the reins: a survey of local authority approaches to prudential borrowing charging and trading*, London: LGA

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Welcome to a world where 'partnership' means just that; where resorting to referring to the binding contract is a sign of failure; and where it is easy to feel isolated, as though you are solving a set of unique problems that no-one else is dealing with. Welcome to the world of senior practitioners involved in Public Private Partnerships (PPPs), a world seldom discussed in policy circles, where the focus is on deal-making, not what happens after a partnership deal has been signed.

NLGN has worked with the University of Brighton Business School to find out what PPPs feel like from the perspective of senior practitioners, drawn from all sectors across a wide range of partnerships and service areas. They tell a different story from that told by policy-makers, and their analysis tells us things that we cannot learn from the type of input/output analysis usually applied to PPPs and PFI schemes. This report contains the findings of this qualitative research, and will be of interest to policy-makers, practitioners, and any organisations starting down the partnership route, or considering it.

Beyond Contract: What makes a PPP successful? – the seventh publication in NLGN's 'Delivering Change' series – does two things. It clarifies what partnerships look like from the inside, and encourages policy-makers and deal-makers to take this into account. The central point is that senior practitioners are trying to move 'beyond contract' to ensure that partnership means just that – partnership. Second, the report outlines – stage by stage as a partnership progresses – what the key principles are that a real partnership needs to achieve, and suggests practical ways of doing so.



Making Choices: How can choice improve local public services?

Dr Adam Lent and Natalie Arend

ISBN 1 903447 35 6 · £25 (1-19 copies) or £15 (20+ copies) p&p

Leading politicians of all hues have taken to evangelising on choice in a way that has not been seen since the 1980s. It would be easy to think that choice is a public good, demanded by citizens and users – and that enhancing choice in public services is a pain-free, cost-free way of sharpening up the delivery of publicly funded services. At the same time, there are those who decry choice at every opportunity, believing it to be a bedfellow of – or even the same thing as – privatisation.

Making Choices is a ground-breaking report, focused on local government services, that makes it clear that the issue of choice is far more complex. The authors have taken a long, hard look at both the theory and the reality of choice, through extensive desk research, seminar work and case study investigation. At a theoretical level, they propose a definition of choice that is based on real world practice, and offers a clear way through much of the muddled rhetoric. At a practical level, they conclude that, contrary to what much of the debate tells us, enhancing choice can lead to real improvements, but that it is not easy and, in the short term at least, always costs.

'If we are to make choice count, we must seize all opportunities to share good practice and learn from others' experiences. We need to look closely at the examples of choice identified in the New Local Government Network report, *Making Choices*.'

Rt Hon Nick Raynsford MP, Minister for Local Government and the Regions, ODPM

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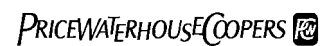
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deliveringchange

Many local authorities are already modernisers and have great stories to tell. They use partnerships to help them on their way. They work closely with the private, public and voluntary and community sectors to achieve better outcomes for their communities. It is both right and timely to make the experiences of what works and delivers improvement and modernisation heard.

New Ways to Modernise is the outcome of a major year long study. The report considers the different experiences of 24 local authorities, many of them in partnership with others. In each case, the authorities involved are delivering on aspects of the modernisation agendas, some of them old, others new, but all of them relevant.

The report is the tenth in NLGN's 'Delivering Change' series, which aims to help senior officers and elected members learn from practical evidence of change to respond positively to the local government modernisation agenda.



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