

# LYONS INQUIRY INTO LOCAL GOVERNMENT CONSULTATION PAPER AND INTERIM REPORT

**A Response to Sir Michael Lyons  
by Cheshire County Council**

**March 2006**

## **Introduction**

Cheshire County Council welcomes your extended Inquiry, which presents the opportunity to consider the future role and functions of local government and what the public wants from it, alongside structure and funding. We have long argued for this approach as the only one likely to produce a robust and lasting solution for local government in England and we make the following remarks against the background of having thoroughly considered the issues in the course of being subject to the 2003/4 Boundary Committee Review of the Northern Shires. In the course of this process public consultation was necessarily a large part of our work and the results of this and subsequent public involvement may well prove valuable to your Inquiry. The following observations are substantially based on our work with the independent Cheshire Local Government Forum, the public panels which make up Cheshire Voice and our very large scale Quality of Life surveys.

Much of the background thinking and suggested solutions, with worked-through examples was contained in our Response to The Boundary Committee for England's Recommendations (February, 2004), and a copy is enclosed for your reference. In particular we would call attention to the agreed three party "principles" from which Cheshire's debate on the nature and form of local governance proceeded. These retain a powerful relevance in the current debate and are therefore reproduced overleaf.

**To The Boundary Committee for England**

Response to the Draft Recommendations  
for Unitary Local Government in Cheshire  
(December 2003)

In responding to the Draft Recommendations and confirming the County Council's position, we would first call the Committee's attention to the five principles which have consistently informed our appraisal of options from the start of the Review process. These are:

1 Economy and value for money

A new model must offer clear economies when set against the costs of the seven separate authorities that it will replace. It must offer value for money and any additional costs for the tax payer must be kept to a minimum.

2 Revitalising local democracy: clear and accountable local governance

A new system of local government must be clearly understandable and directly accountable to all of the citizens of Cheshire. It should improve perceptions about who is responsible for public services. The only other elected tier of local government, the town and parish councils, should be given a role and a voice in the new structure.

3 Championing Cheshire:  
making the Cheshire voice heard

The unit of local government should be big enough to make the Cheshire voice heard in regional, national and international forums. It must be able to take the big strategic decisions and yet be responsive to specific local needs.

4 Delivery of public services

A changed model should hold out the prospect of improvements in public service delivery in terms of economy, efficiency and accountability.

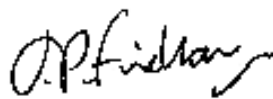
5 Natural communities, a sense of place

Any new authority should reflect Cheshire people's sense of place and should be meaningful at the unitary and local council level. It should encourage local pride, community cohesion, concern for the environment and foster involvement with the decisions affecting quality of life.

Secondly, we would point to the painstaking work which has been carried out by Members and Officers in the period since September 2003 on financial modelling, democratic and service structures and the identification of communities of interest of every kind. This work has been done across service departments and in the Administration and all-party Working Groups set up for the purpose. Most importantly of all it has been done out and about in communities themselves, with residents and local councils and other representative organisations.

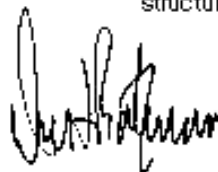
The Response was laid before the full County Council meeting and approved on 19 February 2004.

It is against this solid background of evidence and consultation that we again lay before you, and the people of the County, our proposals for a devolved structure of unitary local government for Cheshire.



Paul Findlow

Leader of the Conservative Group  
and Leader of the Council



Derek Bateman

Leader of the Labour Group



Sue Proctor MBE DL

Leader of the  
Liberal Democrat Group



Jeremy Taylor

Chief Executive, Cheshire County Council

Before addressing your questions in order we would make a few general points. Whilst the experience built up within the present system (which has effectively pertained since 1974), is of value in making judgements and evaluations of options, any recommendations for the future should be based on a vision for what authorities both at strategic and local levels might become with the benefit of new ways of working involving communities and democratic organisations. It is certainly not a matter merely of trying to adapt what is done now by the three tiers of local government into a rationalised model; it goes much further than that if the principles enumerated above are to be met. Most emphatically it should not be approached merely as the take over of one tier of present local government by another; it is a new form of local governance for the 21<sup>st</sup> Century which is sought.

Yet against this background of rising expectations from public services generally, and from local government in particular, it is ironic that the vast majority of people, if asked cold, seem generally to express a preference for retaining the status quo in the form and functions of local government. This is despite the fact that in two tier areas there is acknowledged confusion about which council is responsible for providing which service. The understandable fear is that reorganisation will prove to be a costly exercise which delivers few benefits and people's views are formed on the basis of a very inadequate knowledge of the issues at best.

With this in mind, reform will only be worthwhile if it offers something significantly new and radical in its ability to deliver truly devolved localism and holds out a real prospect of arresting the decline in public interest in local governance and civic engagement generally.

Any new model of local government should be designed to be robust and as future proof as possible in the face of future boundary adjustments and demographic and functional changes – there should be no “unfinished business” as has manifestly resulted from the partial reorganisations of the last thirty years or so.

## The Strategic Role of Local Government

### **Question 1. What is the strategic role of local government? Is my description sufficient, or are there more elements you would add?**

Cheshire County Council would agree wholeheartedly with the elements identified. We particularly find the term “place shaping” useful and a genuine advance on previous thinking. One of most important elements of this is the mandated role of community leadership and the enhanced engagement with residents which this implies.

Yet the strategic role of local government is more than this. It should be responsible for economic regeneration and wellbeing across its whole area and locally. It should have a significant role and provide leadership to help manage the local environment and its improvement. It should be the fundamental basis of cultural, educational and sporting activity. And overall, there should be a responsibility for increasing civic engagement and encouraging people to have a stake in a wider “sense of place”. The strategic authority should provide the lead and be a clear focus for organisations that together provide an entity that people identify with and to which they feel motivated to contribute; it is our experience that people will engage when they know that they can make a difference.

Building and shaping local identity – Cheshire, which is not unrepresentative of many shire areas, has no single predominating urban focus and has large areas of generally sparsely populated rural communities. It is characterised by medium and small towns and large villages, fairly evenly spread across the whole area, an advantage both in terms of service delivery clusters and in sustaining focus for area governance. There are places with pockets of deprivation with similar needs, however, again evenly spread across the county, which need similar interventions. There is also a sense of unity in the rural areas, where issues such as farming, the underlying economy and diversification, and the impact on local services and transport of commuting.

An important element of “place shaping”, given the above context, is the ability of the strategic authority to understand local variations, needs and preferences. The inescapable conclusion to be drawn from analysis of all the available evidence is that local responsiveness derives from innovation and effective local mechanisms and arrangements which operate well below district council level. It is not to be achieved simply by restructuring the geographical boundaries or population size of authorities. It is achieved by local decisions being taken at the most appropriate local level.

The research on which these thoughts are based shows that 85 per cent of people are proud to live in the county of Cheshire (Local Government Review Options for Cheshire – Survey Results, Harris Research Centre 1994). Also, 76 per cent felt a strong feeling of belonging to the area administered by Cheshire County Council (MORI, for the Boundary Committee for England, 2004).

Given this demonstrable sense of belonging, what is important to local communities about the “place” in which they live?

The Cheshire Best Value User Satisfaction Survey, 2003 identified the following as the top three issues that make Cheshire a good place to live.

Low level of crime 66 per cent  
Health services 49 per cent  
Education provision 39 per cent.

It is significant that these are all services that are managed strategically.

### A lasting solution?

It is, perhaps, stating the obvious to say that to be truly strategic an authority must be exercising that role over an area which, by size of population, geographic identity, social characteristics and regional significance, requires a strategic approach to its needs. The sub-regions which have emerged or evolved naturally under the regional arrangements we have are a suggestive indicator as to what that expedient area is.

In looking for natural areas of affinity, strategic appropriateness and social entity the Government has rightly identified core cities as key players. A corresponding solution is needed in rural areas and, as Mr Miliband has pointed out, one size does not fit all. But yet another reorganisation which produces another confusing rag bag of different structures and different fundamental layers of responsibility cannot be justified. It is already the case that the large cities and metropolitan areas comprise natural and distinct sub-regions within the national regional structures. In most cases the shires are recognised as the other sub-regions (in the North West the currently recognised sub-regions are Cheshire, Lancashire, Cumbria, Merseyside and Greater Manchester).

The Government Office for the North West and the North West Development Agency both consider the wider Cheshire and Warrington sub-region as a strategic unit. Cheshire County Council provides the strategic lead for the county in our relationships with these organisations and in particular with the North West Regional Assembly.

It may be helpful to reflect on a definition of “strategic” in this context. It can be interpreted variously as a key area over which regional strategy is implemented, or the delivery of county-wide services, or as the coordination of county-wide local service delivery, or as the developing of strategies within which locality governance operates. It is probably all these things. There is also a significant role in identifying gaps in the provision of services, providing a safety net to ensure that minimum standards are guaranteed, and having the capacity to intervene to take corrective action when things go wrong. One valuable role is in bringing together a range of partners to address gaps in service delivery and being flexible enough to allow for that additionality in provision which is at the heart of local choice.

A large strategic body can alleviate “partnership fatigue”. It enables an authority to seek a rationalisation of bodies and eradicate duplication of effort while supporting local “flavours”.

The strategic authority therefore acts as a “searchlight”, seeking out those areas of need in partnership with local communities, and building the capacity within local communities to help address them. It therefore needs the means to make an effective response and must prioritise services whilst inevitably rationing resources.

Part of the strategic role is therefore to provide that community leadership which brings together disparate partners to identify common goals. It is not just about a sense of place, but about having the vision, resources and capacity to create and sustain the communities of the future. It is about making the right strategic decisions on the deployment of resources to best effect.

## THE FOLLOWING CHESHIRE EXAMPLES MAY FURTHER HELP CONSIDERATION OF THE ROLE OF A STRATEGIC AUTHORITY

### Transforming Learning Communities

“Every Child Matters” and the Children Act 2004 have far reaching consequences for all those delivering services for children and families. The Government has put schools at the heart of the change and Cheshire’s response is a wide ranging review of its education provision. This coincides with the County Council having to manage the effects of significant population changes. Next year we will have 5% fewer 0-15 year olds than in 2001 and by 2021 some 25% fewer 15 year olds. Clearly this would compound the already existing problem of surplus capacity in schools if nothing were done.

Therefore the County Council has instigated a full review of all school provision across Cheshire – the “Transforming Learning Communities” initiative – with the intention of removing surplus places while meeting wider community needs where possible. The review is being undertaken over the next two years on a phased basis in eight localities, with work in four well underway or completed. The process involves key stakeholders including representatives from schools, Borough and County Council staff and Councillors, the Learning and Skills Council (LSC), Governors, various employee groups and others involved in delivering services across Cheshire. Such an approach and such adjustments could not be made within a restricted area of smaller size.

### Key Challenges and “Transforming Cheshire”

A further aspect of the strategic role is to ensure that economies of scale are realised both in “backline” functions, specialist services and procurement, and to ensure that the maximum resources are channelled to front line services and initiatives.

The key challenges for Cheshire are:

- Demographic pressures resulting from increasing numbers of elderly people, increasing pressure on health and social care and the provision of extra care housing
- Falling school rolls requiring a comprehensive approach to rationalising, merging or closing schools. Cheshire County Council’s response is to develop

a comprehensive programme under the theme of Transforming Learning Communities (mentioned above)

- The consequences of demographic changes which could result in a fall in the numbers economically active, with labour shortages likely in some industries, and the need to encourage in-migration as a result
- Increasing responsibilities, including Every Child Matters, Children's Centres and Extended Schools, the Health and Social Care White Paper
- Waste – and the need to cater for ever increasing volumes against a background of rising costs of disposal
- Transport – with the need to renew transport infrastructure across the county, to promote sustainable travel which improving accessibility to jobs and leisure opportunities
- Climate change – identified as the biggest single threat to the planet, this is an issue on which local authorities can provide a lead to local communities and help minimise the economic, environmental and social consequences
- Environmental sustainability – protecting and maintaining the environment in the face of pressures for more development
- Council Tax – the national and local funding gap and growing resistance to continuing above-inflation council tax rises
- Increased expectations – needing a response on customer access; community leadership and engagement; local working and local governance; Community safety; Gershon efficiency improvements; the anticipated White Paper on local governance.

These issues represent a formidable agenda and one that requires a fully strategic approach with new, innovative ways of working. The County Council has put in place a transformational change programme with the aim of creating a circle of investment, service re-design, benefits realisation and service/efficiency improvement. A Strategic Partnership has been undertaken with Price Waterhouse Coopers (PwC) to develop and implement that programme – Transforming Cheshire.

#### Place Shaping through economic regeneration

There are many good examples in Cheshire of the beneficial effects of local government on “place” that relate to the economic functions of local authorities. The following three show the range of activities on which more information can be provided if required. None of these would have been possible without the strong strategic leadership of a major local authority orchestrating a partnership with others at both regional and local levels, and with both the public and private sectors.

Crewe – the town of Crewe once employed 20,000 people in the rail industry, now reduced to only 2,000. However, the town is now 2<sup>nd</sup> out of 43 places in the North

West on total employment growth and 7<sup>th</sup> out of 408 in Britain as a whole. The borough ranks 1<sup>st</sup> on the growth of public sector employment in the North West and 2<sup>nd</sup> in Britain. This has been achieved by diversifying the local economy and encouraging growth in private sector investment, by through appropriate land use and economic policies.

The County Council has worked for many years with partners in the public and private sector to secure improvements to the railway station. The Crewe Rail Gateway is now making significant progress, with the signing of a concordat on 2 December. This is a commitment by Virgin West Coast and Network Rail, with others to work together to implement the project. The County Council has also promoted the scheme in the region, to the extent that it has been included in the prioritised list of transport schemes submitted to the Department for Transport as part of the Regional Funding Allocations process.

Ellesmere Port and Neston – In 2000, over 24 per cent of the population of the borough lived in wards which ranked amongst the most deprived 10 per cent in England. It is now amongst the fastest improving areas for reducing deprivation. Part of its success is due in part to local government's role in:

- The creation of an Enterprise Development Zone using £8m of ERDF and £4.3m from the North West Development Agency, on target to create 2000 jobs and bringing 150 acres of land into employment use
- The inclusion in planning policies during the 1990s of an out of town retail park for Ellesmere Port, which has resulted in the development of the very successful "Cheshire Oaks".

Northwich – the town of Northwich has benefited from a comprehensive derelict land reclamation programme to remove the legacy effects of the salt industry. That reclamation has brought back into community use several areas of public recreational space, including the world famous Anderton Boat Lift. The town is one of 7 in the centre of the County of Cheshire to benefit from proposals to develop the Weaver Valley Regional Park. Covering some 400 square kilometres running the length of Cheshire and encompassing towns between Runcorn in the North and Audlem in the South, the Regional Park focuses on the area's unique legacy of waterways, salt workings, industrial dereliction, valley landscapes, archaeological remains, biodiversity and cultural heritage. It will support regeneration in the towns and promote recreation and tourism.

What is local government for? Or What do people want from local government?

*"It may be asking too much to expect local government to get people shouting from the rooftops. But it is not too much to expect most people to care enough to vote or to know who to praise or to blame for what is going on in their locality"*  
*(The Prime Minister (1998) Leading the Way: A New Vision for Local Government, London, ippr; p14*

The function of local government is to increase the quality of life for individuals and communities through local choice. It is about providing universal services desirable

in civil society and making them available to all by responding to local need. At the same time it is about targeting areas of particular deprivation and disadvantage, identifying gaps in service provision and finding the means to overcome them. It is therefore more than just service delivery. It is about being pro-active rather than reactive.

To maximise advantages and impact there needs to be:

- more affinity with and a better understanding of, what local government does
  - more involvement with local government and with civic engagement generally
  - more streamlined and less wasteful operations
  - more alignment with people's sense of place
  - more levers to achieve more than is currently possible
  - the ability to attract a high calibre of councillors and managers
  - the capacity to rationalise estates and to bring together community facilities
  - the capacity to coordinate and target services to areas of need
  - the capacity to intervene
  - high visibility
  - a trusted "one stop" information resource
  - a championship role for community needs through wider "vertical" networks
  - less dependence on a bidding culture
  - a focus on local funding instead of on national and regional quangos.
- 
- ***Which elements of this role should extend to services other than those for which local government is directly responsible, and how?***

This question is key to any attempt to better "join up" public services or to give strategic authorities and their members a clear leadership role. Mr Miliband has recently referred to the "convenor" role of the authority which we take to mean something more than the mere convening of meetings on a voluntary basis.

There should be a clear responsibility placed on all public services to respond and cooperate in all or any meetings or groups set up by the strategic authority to tackle issues requiring a cooperative or joint effort from a number of services. The crime and disorder and health agendas provide ready examples.

Beyond this, the role falls very much into the arena of scrutiny if not actual regulation. In this connection it is difficult to see why regulatory bodies are not drawn from local government with its democratic mandate. If the vision is for a new breed of councillor of calibre and influence, they should at least be afforded this recognition – people will only give of their time to public service if they feel they can make a positive difference.

The precedent is already set in two tier areas by the Health Scrutiny function which is led by the principal authority and it is easy to see this extending to such things as policing at the Basic Command Unit level, and to learning and skills, careers and employment (if these do not become direct functions).

There is a further compelling logic to this line of thinking, namely the theme of simplification. As stated elsewhere, the great bug-bear of too many vaguely similar bodies paddling in the same pond must be addressed. The role of the strategic authority as a place-shaper would be immeasurably enhanced if it had a powerful scrutiny role (with teeth) over the other public services which impact on the “big agendas”.

- ***How does the strategic role vary between different types of councils?***

Whilst it could be argued that all local authorities have a “strategic” role to some degree, there are differences of scale and circumstance which means that the particular strategic focus differs. For example, there are differences between county authorities and those in metropolitan areas in terms of the scale of the problems and their distribution, priorities, dealing with sparsity etc. There are differences too between shire county authority areas where some are more rural and dispersed than others. (eg., problems of public transport or social care provision in North Yorkshire or Cumbria compared to Cheshire). Such logistical problems can make the coordination role more difficult, due to the dispersed nature of delivery agencies on the ground. There are also wide variations (sadly) in the ability and willingness of districts to work in conjunction with county councils, especially in the current climate of uncertainty.

Highways and transportation has necessarily to be looked at in a wider sense than could be attempted by the current 2nd tier authorities. Economy of scale issues with regard to skill base, service provision flexibility and, not least, procurement mean that Cheshire probably represents the lower end of this scale of magnitude, hence our entering into tentative discussions over regional procurement with the Highways Agency and actively considering partnering arrangements with the private sector to enable us to balance short term resource requirements. The accurate modelling and prediction of future transportation needs is a role for wider metropolitan areas and large area (county) authorities.

In short, rural shire areas have strategic roles no less in scale but very different in focus and in detail to those of authorities dealing primarily with conurbations.

Nor should this question ignore the relationship of authorities to regional institutions and the extent to which strategic authorities might represent sub-regions. The following paragraph from the ODPM’s State of the Cities report is suggestive in this context.

“The City-Region has greater economic and cultural resonance than current administrative regions and local authority districts. Regional are generally too large to capture the most important functional linkages and the geography of everyday life. Districts are inevitably too small to be considered ideal “units” for strategic decision-making in key areas such as transport, economic development, planning and housing.”

But there is a debate about the extent to which the strategic role relates to natural geography or to functions. It may be about having a commonality of characteristics

and needs. It may also be about having a historic affinity and identity. We believe a definition should be predicated on natural boundaries in the same way as natural areas of governance. Given Cheshire's geography it is clear that there is no obvious strategic sub-division. No district has a strategic concern which differs from those of the county as a whole. A strategy for the whole county therefore has the flexibility to be responsive to local circumstances.

Alignment with a naturally perceived sub-region has a considerable strategic advantage. It provides a powerful incentive to investment. The Cheshire "brand", for example is very strong; why do estate agents in Warrington advertise properties as being in North Cheshire? A similar approach is used by agents in Wirral, although this area has not been part of Cheshire since 1974.

## **Question 2. What tools do councils need to perform the strategic role more effectively?**

Councils of the future will operate a complex mix of strategic activity, brokerage, directly provided and commissioned services, as well as devolved functions. Councils must therefore be expert commissioners of services, whether from internal or external sources, and must have the capacity to identify needs and accurately direct resources where they are most required.

Councils need the right levers through which to have an effect over services for which they are not directly responsible. They need to be operating over an area of sufficient size to enable an effective strategic approach, but, more importantly over an area which relates to the scale and nature of the task being performed. Many of the issues of concern to the general public relate to matters which are outside the control of the local authority. If local authorities are to exercise their strategic role in relation to community leadership and the well being of their area, they need to be able to influence to a competent degree the activities of other public agencies. There is therefore a need for local government to have sufficient “clout” and authority to pull together different bodies and to lead as stated above.

The following list summarises additional “tools” necessary, most of which are considered in more detail below:

- clarity of responsibility over functions
- a properly negotiated settlement between local and national government
- the restoration of the link between the business rate and accountability
- adequate finance to carry out new and existing responsibilities
- power of scrutiny and control over utility companies
- flexibility to determine representation of appropriate partner bodies and community sectors, for example, the Youth Parliament, in local and area governance arrangements.
- ***What are the existing barriers to councils performing this role effectively?***

### Instability in the wider local government sphere

Local government should be a stabilising influence on the world around it. It is vital part of our system of governance and is crucial to commissioning and delivering services as well as implementing government policies and making them work on the ground. However, one barrier is that at times it seems as though everything else is changing. For example, the rest of the public sector is currently in a state of flux with restructuring of the Police, Health and Fire Services, and the continual emergence of new legislation (especially on education and social care). The ability of local government to provide much needed stability is hampered in the current climate of achieving more with less and the upward pressure on standards of performance required by successive, often unrelated, performance assessments.

The constant tension and competition engendered between the tiers of government by a continuing possibility of re-organisation is crippling. It prevents beneficial joining of services, bedevils partnerships and leads to waste. The deleterious effects can be seen from the national LGA right through to dealing with Parish Councils. The climate of uncertainty is, in short, a powerful disincentive to co-operation.

### Duplication and overlaps

One of the main barriers is the duplication of roles and overlap between different tiers of authority suggesting a confused and dissipated responsibility. There are times when there are too many agencies paddling in the same pond. Intervention is either difficult or impossible where there is no direct responsibility for a function or it is the responsibility of others. Or the control of funding is vested in agencies other than those having prime responsibility for achieving national and local agendas.

Local government has a collective “cradle to grave” responsibility for social and economic wellbeing and needs an improved mechanism to enable this. However, in the two tier system the functions allotted to different tiers of councils seem more the product of happenstance and history than any planned division of responsibility. There is therefore a need for clarity of responsibility where tiers remain. There is an opportunity to develop the definitive “map” against which local services can be developed.

This is particularly so in the case of responsibility for environmental issues, and two particular examples are set out below.

### *The collection and disposal of waste*

In its Submission (page 35) and Reponse (page 95) to the Boundary Committee, the County Council set out an analysis of waste management that pointed out the inefficiencies of separate collection and disposal services and the steps being taken to try to overcome these. Despite several years of work however, the possibility of a fully integrated contract for collection and disposal has now been abandoned. This is because the Cheshire Districts were unable to agree on a common collection system. There are therefore six separate waste collection contracts.

The County Council's three major waste contracts (disposal/landfill, management of the household waste recycling centres and composting) expire in early 2008. To meet Government targets for reductions in landfilling, Cheshire will require major new treatment facilities. The capital cost of these new facilities is beyond the means of traditional council funding, and an Outline Business Case (OBC) supporting a request for £40m of PFI Credits was submitted to Defra in July 2005. It was intended that there would be a single waste disposal contract including waste treatment plant. The OBC eventually received the support of the Minister, Ben Bradshaw and was submitted by Defra to the Treasury's Project Review Group (PRG) in January 2006. Despite the business case being considered a strong one, approval has not been given to the project. The delay means that the existing disposal contracts will need to be re-tendered with the PFI project being reduced to just the treatment plant.

On 27 January, the Cheshire Local Government Association received a report from the County Waste Manager that explained the difficulties and cumbersome nature of seven authorities trying to reach any agreement on a strategy. He pointed out that it has not been possible, despite several years of trying, to secure a single integrated waste contract for collection and disposal.

The Waste Strategy and Performance Officer of Chester City Council strongly supported this view and explained the financial advantages of a single collection contract. Six sets of staff and six different collection systems and timetables is not efficient and confuses the public. There is currently no indication that the district councils are willing to enter into a single collection contract.

Cheshire clearly needs to be in a position of strength in order to negotiate effective contracts for both collection and disposal, and an integrated contract would be the most beneficial. A single strategic authority would have a much better negotiating position and be best able to deliver a preferred solution than the current arrangements.

#### Concessionary Fare schemes

A further example is the issue of concessionary fares. The BCFE Response pointed out that the County Council achieves major economies of scale on concessionary fares through the bulk purchase of senior citizens' railcards for the District Councils. A much bigger discount is available than Districts could achieve individually. The estimated saving in 2004 was £170,000 per year.

#### Other public realm activities

There are other examples where it could be argued for public well-being activities (open spaces, public access, amenity facilities, infrastructure) to be managed by a single organisation, where local delivery is set in the context of a strategic framework and where economies of scale have a significant impact on scale of delivery. One of these is parking management. The relationship between all aspects of parking management (on street, off-street, park and ride, charging regimes) is inextricably linked into the wider field of transportation, with car use, public transport and other non-vehicular modes, e.g. cycling and walking, such as to make any attempt to manage a proportion of the system without having full control somewhat akin to driving a car with the accelerator or the brake, but not both.

For the government's desires with regard to modal shift and demand management to have any hope of success, there needs to be a bringing together of all the tools in the box. Parking provision and management is a key part of this overall approach.

Similarly the example of management and regulation of Public Rights of Way lends itself to a strategic approach both spatially and in terms of economies of scale in employment of the relevant scarce specialisms.

### Back office functions

It is unclear why the conduct of elections and collection of council tax, both of which are unvarying processes, requiring no political input, should be carried out as separate operations by six separate authorities in the case of Cheshire, for example. Similarly, the Chief Executive of Vale Royal Borough Council accepted that in Cheshire there should be a single personnel and payroll function for the County, rather than the existing seven. Current rivalries apparently prevent this.

The examples above are offered in demonstration that structural change could help to remove some of the barriers to effective service delivery and decision-making, especially where coterminosity of boundaries should be a key driver, but is often unattainable due to the proliferation of authorities.

- ***In what circumstances does it work well and less well?***

Local government works through a host of other bodies and partnerships to deliver services to improve the prosperity of local communities. It works best where it can exercise a clearly accepted leadership role and where non-local authority partners feel they, and the bodies on which they serve, have clarity of purpose and the power and capacity to take decisions or wield real influence on policy direction.

Too many partnerships means energy into process and servicing the partnerships rather than delivering outcomes. The great prize here is Simplification. There is therefore a need to be able to direct capacity and effort towards a more meaningful local engagement rather than wasteful effort in keeping reluctant partners on board with bodies of questionable effectiveness. The following examples are set out at some length in illustration of these points.

#### Local Strategic Partnerships

The County Council set out an explanation of the development of LSPs in Cheshire in its BCFE Response (p 43-44). It has since been recognised that there are weaknesses inherent in a model of a County LSP and 6 district LSPs, and as a result a new framework has been developed in partnership with the district councils to improve the integration of countywide and district level work programmes and to support the development of a Local Area Agreement for Cheshire.

The first meeting of the new “Communities of Cheshire Partnership” comprising an independent chair (to be appointed) plus 24 representatives from CCC, District LSPs, countywide thematic partnerships, private, community and voluntary sectors will be held on 6 April 2006, with the first meeting of the Cheshire Governance Board comprising Leaders and Chairs of public sector bodies across Cheshire will be held in May 2006.

Since 2004, work has continued on developing the second generation local public service agreement. Unfortunately, the district councils have been insistent that each should have a separate voice, rather than agreeing to the more efficient and effective

model of one single voice for the County. This has again meant, regrettably that much energy has been put into the process rather than into outcomes.

A further concomitant flexibility may be highlighted in the context of LSPs. Work is somewhat hampered by both Police and Fire being unduly constrained in the uses to which they may allocate significant funding streams and flexibility in spend could ease the achievement of some key agendas. This was mooted in the LSP consultation paper "Local Strategic Partnerships: Shaping the Future" (ODPM, December 2005), but it is an idea which needs enabling.

### Local Area Agreements

These will undoubtedly form a key mechanism for central/local government compacts. Some acknowledgement of the problems outlined above has been made by County Councils becoming (from 1<sup>st</sup> of April) the accountable body for Local Area Agreements. The prize again is economies of scale and reduction in bureaucracy from such things as a single performance management regime. To this may be added the practical advantage of avoiding too many calls on partners' time for similar purposes.

### Crime and Disorder Reduction Partnerships

Cheshire currently has 6 CDRPs. From April the County Council will be the responsible body for setting the strategic direction of the CDRPs under the Review of Partnership provisions of the Crime and Disorder Act 1998. The aim is to extend the duties of the CDRPs beyond crime and disorder to include anti-social behaviour, behaviour adversely affecting the environment and substance misuse. Since the Government is convinced that the Police Basic Command Units and CDRPs should be coterminous, this may result in the merger of CDRPs to reduce bureaucracy and take advantage of economies of scale. There is also a manageability issue in terms of "meetings fatigue". It was recently stated by GONW that to attend all the CDRP meetings that they feel they should would require officer time at 540 meetings a year in Cheshire alone. This is a clearly unsustainable situation and again raises the huge gain to be made from simplification.

### Town and Parish Councils

In any shire area town and parish councils will form the bulk of natural neighbourhood forums; they are, after all, a ready made solution but they will need to be enabled to evolve over time into the fully effective neighbourhood bodies we and the government envisage. The best and most ambitious are already making a difference in their communities.

The County Council works closely with town and parish councils in the delivery of services and supporting them in their local role. A Local Councils Charter to set standards and guide services in their relationships with Cheshire's 200+ Town and Parish Councils has been agreed. A post of Regional Development Officer (RDO) within the Cheshire Association of Local Councils (ChALC) is fully funded by Cheshire County Council. The postholder has several roles. These include: investigating the opportunities for new councils in unparished areas; providing

support for neighbourhood forums where parishing is not desired and providing a focal point for those parishes with Quality Parish status. The RDO also coordinates the Quality Council Forum, bringing together Quality Parishes (currently 13, more than any other County).

The County Council also provides direct access to ChALC and its members to the Cheshire Training Partnership and the Council's own middle management training programme, and offers grants of £50 for training sessions. A web hosting service is also provided for those councils wanting a presence on the internet. Regular training is also provided on opportunities to access external funding.

The County Council's Local Councils Liaison Officer attends all area meetings of ChALC (over 20 each year). ChALC sees the need to refocus these meetings in some areas. Chester City Council has been holding 7 area committees during the last two years which the parish councils attend in preference to their own area meetings. This is a good example of a district council recognising the need to take forward the Government's thinking on local engagement, albeit on a small scale and not involving delegated decision-making.

#### Other local initiatives

In Chester, the Blacon Project has developed in a disadvantaged area, supported by the Neighbourhood Renewal Fund. A neighbourhood manager has been appointed. A similar programme is currently being devised for a further disadvantaged area south of the River Dee, at Lache.

In Crewe and Nantwich borough, there are 5 disadvantaged wards in which the council is piloting a neighbourhood management approach. A lead officer has been identified as a focal point for the community.

Cheshire County Council Community Development Workers contribute to these enterprises but the question inevitably arises as to why such initiatives require the intervention of two principal authorities and why such duplication pertains.

#### County Forums

County Forums grew out of older area committees involving both county and district members. They have become an internal communications mechanism for local members to meet with locality managers and to increase member understanding of local needs. There is the potential for these to focus on the delivery of the Community Plan. However, they would work much better if they related to areas of distinct identity and need rather than to District boundaries which are meaningless in this context and do not attract local recognition.

#### Towards a Meaningful Local Governance – the emerging area map

During its work for The BCFE the County Council put forward a model of decision-making based on local committees. In the original Submission (September 2003), the proposal was for 12 suggested areas in the County. As the Response makes clear, (February 2004, pp. 26-28), changes were made to the map as a result of

extensive consultation with town and parish councils, the WI and other community organisations. The Response proposal increased the number of area committee areas to sixteen, and recognised that this might change further. As a result of additional and continued consultation since February 2004, further refinements have been made which result in proposed boundaries suggested by, and which therefore genuinely reflect the “sense of place” of people living in their local communities.

This is an excellent example of a bottom-up approach to community engagement working well, even on such a potentially tricky question as area governance boundaries. These areas provide a sound basis for the strategic authority to operate day to day on a substantially enhanced local basis yet does not compromise the distinct role of town and parish councils themselves.

### Parish Plans

Parish Plans offer a good example of a strategic policy for local action operating at the most local level. Cheshire is one of the lead Counties promoting the development of Parish Plans, with over 20 now having been adopted in the county. Partnership working between County, District and Parish Councils, Cheshire Community Council and Defra is driving the programme in Cheshire.

The Government’s “Rural White Paper” introduced the concept of Parish Plans. The intention is that they build on existing work such as Village Appraisals and Village Design statements to set a framework for communities to plan their own futures.

The County has pulled together a sub-regional Parish Plan group that aims to influence local housing and land management strategies and contribute to the way local services are managed and delivered. The group also has responsibility for delivering Government’s Rural Social and Community Programme.

Through a Service Level Agreement it has been possible to employ a Parish Plans officer based at the Community Council but resourced by the County. The role of the officer is to encourage Parishes to sign-up to the Parish Plan process; and to secondly ensure that the Plans are relevant and fit within the framework of plans produced by Local Authorities.

Cheshire County Council has also successfully completed and met a stretch target for a Local Public Service Agreement with Government that aimed to “Increase social cohesion and strengthen social capital in rural communities through greater involvement of residents in planning, implementation and delivery of local actions/solutions, and participation in social activity”. Central to the LPSA was the production of Parish Plans.

Government has given its commitment to give small rural communities greater opportunity to run their own affairs, and to set out a vision for their town or village to guide its future development. In Cheshire there has already been a good deal of work undertaken, firstly by communities to prepare village design statements or parish/village appraisals; and secondly by organisations to prepare the ground for the development of Parish Plans. Parish Plans will now build on this work to provide

a plan that looks at social, economic and environmental issues and that addresses the needs of the broader community.

### The Local Transport Plan (LTP) consultation process

A successful programme of effective stakeholder participation and community consultation has been central to the development of the new LTP.

Work was developed in two stages. As part of the County Council's preliminary work to prepare the new LTP an initial round of stakeholder consultations were held in Autumn 2004. Meetings acted as broad "soundings" exercises. The outcomes helped to inform and highlight general issues and areas of concern across the County and to take stock of options and opportunities to overcome these. This, in turn, led to the preparation of a draft LTP which was made available for more traditional consultation during Spring 2005.

To support this process, meetings were held with key stakeholder groups including the Cheshire Strategic Partnership, Local Strategic Partnerships, Local Joint Committees, the business sector, the Sustainable Cheshire Forum, neighbouring authorities, public transport operators, the health sector, Manchester and Liverpool Airports, DfT, Government Office for the North West, North West Development Agency and the North West Regional Assembly amongst others.

Furthermore, to reach the broader Cheshire community, a series of summary consultation brochures were prepared for both the Autumn 2004 and Spring 2005 exercises. These were distributed to over 3500 individuals and organisations including all Town and Parish Councils, as well as being made available to the general public through libraries, information points and local offices.

The results of the consultation exercises led directly to the development of the LTP during 2005, focussing on key areas of immediate concern. These were improvements to public transport; congestion; and road safety.

### Market Towns

The joint Countryside Agency's pilot Health Check programme and Development Agency funded programme for Market Towns is assisting three of Cheshire's market towns. Only one Market Town was originally selected in Cheshire for the regional programme, but following strong lobbying by the County the Agency agreed to include two additional Cheshire Towns.

Cheshire County Council was successful in 2003 in obtaining resources from the Development Agency to support the rural economy. The five year programme is now also assisting another four Market Towns in Cheshire, helping to kick-start regeneration schemes.

Market Towns are now entering a period of project implementation. The majority of resources to make this happen is already be in place, but the County is now developing evidence to ensure future funding flows from key funding organisations such as the Development Agency.

- ***Are further improvements in performance, efficiency and accountability needed before local government can most effectively play this strategic role and be trusted to do so?***

Further improvements may well be needed but it is difficult to see under the present arrangements how anything more will be found out than the current inspection arrangements reveal. Any gains would be in better processes for informing the public in clear, understandable terms, on the performance of their councils and involving them in those judgements.

- ***What are the key signs of success and failure?***

If local government has a future, and it clearly has, the main way in which it could be seen to be a success is to ensure that it has the confidence and trust of the local electorate. Residents must feel that local government has real power to “make a difference”, and that they have a stake and a role to play in shaping their quality of life. Local communities must also feel they have been involved in the decision-making process and helped to determine the quality of services they receive. Through increased participation, people will have more realistic expectations of what public funding will pay for.

The calibre of local members should increase as should their ability to perform the role of visible community leaders. There will be a greater interest in standing in elections and more competition for vacancies. Turnout in local elections will increase and there will be an increase in attendance by the public at meetings concerning local governance. The extent of youth engagement is also a measure of success.

Interestingly, research in Cheshire has suggested that the most effective methods of increasing the number of people who vote is to ensure there are worthwhile candidates (48 per cent of respondents), and that votes should be on specific local issues (43 per cent). 40 per cent thought that increased turnout could be achieved if the electorate believed their vote would make a difference.

Failure, by contrast, will be marked by an increasing disengagement from civic life by the public at large, an increasing questioning of the democratic mandate of local councils, a consequent tendency for centralisation of functions and responsibilities, and a diminution in the capability of local people to “have a say”.

**Question 3. How important is the fact that local government is elected in relation to its ability and legitimacy to perform this role?**

Local government is not an end in itself; it justifies itself as an accountable body for the delivery and commissioning of services, as a “shaper of place” in your terminology and as a coordinator or “convenor” of a range of services or agencies which might be brought to bear on an issue or a strategy. Yet its capacity to fulfil these roles comes in great measure from the democratic mandate it holds which differentiates it from other agencies. Equally, the ability of people to influence and intervene depends ultimately on their democratic right, and their ultimate sanction of removing from power those responsible for decisions, should they so wish. A local resident has to have a clear answer to the question of how to get things changed if they are wrong. The democratic sanction combined with more flexible arrangements for the inclusion of residents and stakeholders at the neighbourhood and area levels provides most of the answer.

It is therefore essential that local government is directly elected, in order for it to have locus and unimpeachable mandate to perform its representational role at local, regional and national level. Councillors are the key to community representation, especially where they are sufficiently motivated to perform the role of community leader on behalf of their electorate, and their election confers a level of locally-based authority that can not be created by voluntary means.

We have experienced an increasing feeling, particularly through the independent Cheshire Local Governance Forum, that any body disbursing public funds must have democratic accountability. It is interesting to note that two of the bodies on the LGF, who are non elected community organisations, are actively pursuing the elected parish council route – and both have expressed an intention to be non-party political.

Democratic activity is more readily subject to a framework of accountability, standards of conduct and checks and balances through the application of public service standards and legal controls.

But to lead communities, a new type of councillor is required. The BCFE Response (Chapter 5) sets out the County Council’s thinking here. There is perhaps a need to demonstrate a clarity of purpose and a greater link between service delivery and visible costs to the public, increasing devolution and transparency of finance and responsibility where possible, and to ensure that there is a democratically accountable strategic authority with the capacity to provide a safety net.

## Devolution and Decentralisation

We note with interest that the questions on devolution from central to local government resolve quickly into consideration of standard setting and funding. Whilst limited, these aspects do have some assonance with our own thinking since, in general, it is not straight responsibilities or blocks of functions which local government wishes to retrieve from the centre. The empowerment which would support the ambitions of an improving strategic authority does seem to stem more from some flexibilities and aspects of the inspection regime, the ability to set more locally sensitive standards and to have more direct access to and control of certain funding streams.

To cite an obvious example, rural development schemes currently administered by Defra could be provided and managed in their local delivery aspects by shire authorities which are generally well placed to do so through their rural recovery structures. A distribution of funding for direct administration by shires may similarly be considered for what follows from the Rural Renaissance initiative which, under current proposals, will remain at the level of the Regional Development Agency.

**Perhaps devolution from central government is not the prime issue. The recent Joseph Rowntree Foundation sponsored Report, “Whose Town is it Anyway”, published by Liverpool University, reveals that up to 60 per cent of all public spending in local authority areas is controlled by non-elected bodies.**

In its response to BCFE (February 2004) the County Council proposed a unitary model based on the concept of a single authority setting corporate policy, planning and financial frameworks but operating locally through arrangements based on local area committees. These would have a considerable degree of decision-making and spending power. These committees would make decisions and not be merely consultative forums. They are intended to be based on natural areas of clearly similar characteristics and interest and are evolving with the benefit of specifically local input and knowledge.

But caution needs to be exercised, certainly in the early stages, in devolving decision-making. A strong case could be made for devolution of decisions through local councils to local areas. In other words, devolution should be “passported” and should not be directly to local communities. There needs to be the safety net of a “responsible body”, a provider of infrastructure and “best value” monitor.

Devolution to town and parish councils will be possible according to their individual circumstances. The legal and constitutional framework which would enable all of this to operate is fully worked out in Chapter 5 of the BCFE Response (February 2004). It is important to note that a model such as that suggested here avoids the trap of re-creating a “two-tier” system should a unitary model come to pass.

Nevertheless, in diverse areas such as Cheshire with its mixture of urban and rural communities it is important to allow a range of different structures and mechanisms to meet local needs and local capacity as it evolves.

Cheshire County Council has a culture of willingness to devolve functions and responsibilities. The County Local Joint Highway Committees (LJCs) is one of the best examples of this and of local democracy in action. Within the necessary constraints to ensure national and regional consistency, the LJCs provide the opportunity for local input and decision making at a very practical and meaningful level. County and District members, sharing responsibilities to chair the committees, sit down with officers and the public to put the detailed bones on the strategically determined framework of highway issues. The LJCs get through a huge amount of work and afford the opportunity, within a large organisation like the Council, to really get to grips with local issues and be seen to deliver services through a local democratic process.

The Committees are at present based on the current district council boundaries, for obvious reasons, but the County Council believes that this model could be adapted to a more locally sensitive scale. It could also be extended in terms of scope to embrace other activities, many of which are currently delivered locally by the Districts, but which are ideal for devolving to town and parish councils or to neighbourhoods. The application of such a model in a unitary context would go some way towards tackling the issues of clouded responsibility for grass cutting, car parking and other public realm activities.

The view has been expressed by consultees both inside and outside Cheshire that a larger authority is more likely to devolve serious responsibilities than smaller ones. There is evidence to suggest reluctance on the part of smaller authorities to devolve to parish and neighbourhood bodies.

**Question 4. Which services (or parts of services) should meet national standards in all areas of the country? Which should meet minimum standards? Which should be entirely down to local choice?**

It is clear that there should be national standards for critical things like educational attainment, indeed anything which affects life chances, and minimum entitlement to social welfare. National standards should focus on minimum standards but can be aspirational in appropriate circumstances. A distinction may also be drawn between standards and targets. Targets set nationally cannot avoid being arbitrary in their effect especially when not evidence-based, given the wide range of local circumstances. The aspirational dimension may be better addressed by continuing to scrutinise the “direction of travel” of an authority’s performance.

The key is to devolve or decentralise functions that provide a better fit with local needs. There should be areas on which local communities are empowered to exercise choices over priorities. But it seems easier for local authorities to consider devolving decision making and resources to local communities than it is for government to return power to local government.

Where powers are devolved or decentralised, these could be within the context of those minimum national standards which are legally enforceable, such as on Education. National standards should in general be kept to a minimum and focused on higher levels of function, and not be locally restrictive. In other words, detailed service delivery standards should be determined locally by communities where possible, knowing that a minimum standard is guaranteed.

The issue of service standards is nevertheless a vexed one, and there is an apparently inexorable increase in areas to which national standards (often following European legislation) apply. For example, there are minimum standards on air quality, there are emerging standards on accessibility, and there are also standards for recycling rates and waste disposal. As the Highway authority, Cheshire County Council works to national guidelines and standards in matters such as maintenance standards, speed management criteria and issues such as charging levels for street works by utility companies. A move to more locally determined standards in areas such as these would open a Pandora's box of inconsistency and lead to authorities being played off one against the other by contractors, developers and the general public alike. That said, it is imperative that we apply these standards in such a way as to ensure that local considerations are weighed into the process, to avoid the sense of a distant 'big brother' and to gain the benefits of genuine local knowledge and understanding. There is the evidence of the balancing act of being both strategic and local in our approach.

There are also national standards on the time taken to determine planning applications (currently 8 weeks). However, there is a difference between a small householder application and one for a multi-million pound waste recycling centre. Since all applications vary with circumstances, a case could be made for the former to be subject to local, rather than national standards.

There is no simple solution, for within services there are elements where local standards might apply, for example, in Trading Standards, where there is discretion over the extent of consumer advice provided, or Waste Collection, where it is conceivable that local views could be exercised over the time or frequency of collections.

The government should also inject more clarity into what it deems “statutory” and non-statutory”. There is, for example, no point in making a predicated grant and not suggesting it is a statutory service and imposing national standards on, say, arts and culture, and pretending they are in some way “optional”.

- ***Are there aspects (such as standards setting, funding or choice of delivery mechanisms) of individual services which should be nationally controlled or locally controlled?***

It will, we strongly suspect, be argued that the major cities should have a more direct hand than they have at present on funding for areas such as the arts, sport, recreation and tourism. It is difficult to see why this argument should not apply equally to strategic authorities administering rural areas if they are set up on a large enough basis to give them true strategic significance, basically a “sub-region” in the same sense that major cities plainly are.

And is there not a distinction to be drawn between existing funding streams for areas such as arts and culture and large scale transport infrastructure? The former would seem appropriate for control at the scale of the large strategic authority where needs are demonstrably different from metropolitan areas or regions as a whole.

- ***Are there services where greater variation in standards would be acceptable if there was clearer accountability and consultation with local people?***

A greater variation in standards is not merely desirable but absolutely essential if the concept of “local choice” is to have any reality. If we accept that no hint of a “post-code lottery” should come anywhere near fundamental life chance activities like education or protection of the vulnerable, this leaves areas like environmental enhancement and streetscape, leisure activities, sports and cultural activities. Many of these, as stated elsewhere, could nevertheless be subject to minimum standards.

However, any strategic authority will be constrained in some measure in its ability to meet local choice by the restricted finance available beyond an equitable allocation. The key to this is therefore the concept of “additionality” whereby a town or parish council can precept to enhance the basic service available to it in line with its perceived needs and the wishes of local residents.

If flexibilities in national standards permit, the area or local committees of the strategic authority could also exercise a significant degree of local choice in consultation with local communities. In any event, the issue is not one of variation in standards per se, but about local people having a choice over what standard of service provision they want over and above certain guaranteed minimum standards.

### **Question 5. How has the Government's approach to devolution and decentralisation affected your area and your local services?**

It is somewhat difficult to address this question since none of the decision-making devolution experienced perhaps by hospitals and RDAs have been paralleled in devolution to local authorities. There was little appetite for an elected regional tier of government in the North West to which some decision making and oversight of quangos might have been devolved.

There is some scope for looking at whether some RDA activity should be subject to the scrutiny of, or be accountable to, the strategic local authorities in their regions rather than to central government or regional assemblies.

- ***Which aspects of the current system are helpful and unhelpful, and why?***

Such observations as we have are included in the responses to other questions.

- ***Have changes based on central government priorities differed from those that might have been driven by local pressure and opinion?***

In general our discussions with big strategic departments reveal that Government priorities and aspirations are generally in line with what services would like to deliver. The problem is generally caused by an absence of funding following function. For example, we could cite the conflicting targets between Health and Social Care in reducing long term use of hospital places by securing early discharges. Whilst both partners sign up to this aspiration the resources to manage the transition from hospital to support in the community or at home is wholly insufficient.

The rate of healing of older people is beyond the power of central or local government to dictate and the situation can inadvertently push people into long term care. Early discharge can often therefore be seen as a result for hospitals but an intractable problem for local authorities. This can at worst be another “blank cheque commitment”; there has been a progressive retreat by Health from their obligations without any concomitant transfer of funding to local authorities.

A further problem arises from targets drawn up from too narrow a perspective. For example, the Department of Health National Service Frameworks, particularly those relating to mental health, are far more suited to inner city situations than rural areas because they were drawn up in response to the problems of metropolitan areas.

There are also instances where perverse incentives can inadvertently arise from standards. For example, library performance continues to be judged on the number of personal visits and the number of items issued. However, the better a rural library authority performs in giving online access to rural communities, thereby avoiding the need for personal visits, the worse its performance can appear. Sensible flexibilities in these areas would be a great benefit.

## Managing pressures on local services

### **Question 6. What are the main types of pressures faced by local government and what challenges do authorities face in managing them?**

The list of pressures identified by the LGA seems largely correct. There are growing pressures on local government from a range of sources which are increasingly unsustainable, including how we deal with waste, falling school rolls, energy supply, and the increasing elderly population. Some are difficult to manage where the requirement is beyond the resources available to local councils. Some of these reflect national trends which local authorities are powerless to control, a factor the Government needs to recognise by adjusting financial support.

There are also pressures arising from the climate of inspection diverting resources from front line services. There are problems of recruitment in some areas where there are scarce skills and specialisms.

Simplification and rationalisation are key to any revised system in view of the very high proportion of government costs represented by pay bill. There would be savings achievable from the reduction in complexity in terms of time spent in meetings and negotiations, but the pay bill makes it almost imperative that we reduce to as few councils as strictly necessary to do the job.

There are examples where pressures can be alleviated where the local authority has the power to act in the light of local circumstances. The Transforming Learning Communities programme highlighted above is an example, where a falling birthrate means that fewer schools are required. The closure of a school is always faced by strong local opposition. There are far fewer complaints where a school expands as population or demand grows. Resolving this type of issue is where a strong strategic authority comes into its own.

- **Which are the most difficult to manage and why?**

In addition to those pressures identified in response to question 2, the most intractable sorts of pressure are those which can be characterised as “blank cheque commitments” in the field of social care. These are all areas where local government is the **provider of last resort**. Examples are:

- Adults with learning disabilities with highly complex needs, whose families decline to accept a lifelong caring role
- Disabled people who move into the area attracted by the resources in the independent sector (such as the David Lewis Centre in Cheshire) and who then need other help
- Older people with no families who do not have resources to pay for their care
- Teenagers at odds with their parents requiring support
- Specialist facilities for groups such as autistic children, which can induce relocation by families which then represent a liability for life in these services.

No amount of budgetary planning can cover these unpredictable costs. These partly lie behind the £1.7 billion “care black hole” recently identified by the LGA and Association of Directors of Social Services. On the health front in general, the financial crisis in the NHS carries the threat of PCTs withdrawing support from Local Area Agreements thereby compromising the ability of local authorities to meet LAA targets.

- ***Would greater devolution of responsibility enable pressures to be managed more effectively?***

Not of itself. There is an issue of funding following function here.

- ***Does confusion about responsibility and duplication of effort contribute to pressures?***

Confusion over responsibilities leads to a lack of public sympathy and makes it difficult to manage expectations. Duplication of effort costs money and staff resources and thereby adds to pressures.

- ***Would greater public understanding of the actual costs of public services help to manage expectations and pressures?***

A case could be made for a full debate about what people are prepared to pay for, but there are rising expectations being placed on local government and there is a constant pressure to drive down costs. Over several years the County Council used a public role playing game as part of its consultation on the budget setting process. It used what we called a “Taxometer”, showing the costs of adding or removing services to the overall budget within a council tax envelope. It was clear that the public, when given the same information and faced with the same problems as councillors, tend to come to the same conclusions.

This year, during discussion groups on the Corporate Plan and budget (which took place in November 2005), participants felt unable to comment on how much they were prepared to see council tax rise without relating a specific increase in tax to a specific objective. However, there was a general acceptance that to retain services they thought important that council tax would rise.

During the same consultation, there was little support for any reductions in services and some were objected to strongly. However, it was accepted that difficult decisions must be made and participants did not envy local councillors who have to make those decisions on their behalf.

Your observations on the gearing effect are of particular relevance in considering a greater public understanding of council tax. This was an issue that we had to explain during the BCFE review, especially with examples of what could be bought for the additional tax that could be raised.

But greater clarity could be achieved by balancing local collection of tax and local determination of how money is spent. Whatever system is adopted people need to be clear about who they pay their money to and what they are paying it for. It may be

that council tax increases would be more acceptable if the additional revenue was hypothecated for a particular purpose.

- ***How can we ensure that the system provides the proper incentives and rewards for using resources efficiently?***

This places us firmly back in the realm of audit and inspection – these could be less frequent where generally “good” verdicts have been obtained. Should authorities be able to retain for flexible re-use, underspends on contracted projects? There is an element of this thinking in the Gershon Efficiency Review though rather too often under this regime (which was devised for central government but applied to local government) “efficiencies” are merely cuts.

## Scope for a new agreement

### ***Question 7. How could responsibility for local services be made clearer between local government, central government and other agencies?***

This is closely bound up with question 4. However, on an underlying basis, clarity will only ultimately be achieved against a background of a properly negotiated constitutional settlement between central and local government. In the present “initiative-ridden” climate little consistency of approach is possible and it is difficult to make the link between expressed local public preference and the “priorities” local government is then apparently seen to be addressing.

We entirely agree that increased clarity would be achieved by central government agreeing a **small** number of priorities linked to PSA targets. However, we must get away from the unsustainable position of local authorities being asked to achieve targets which they have neither the funding nor authority to control.

It is essential that principal strategic authorities have the clear remit and authority to coordinate and scrutinise the roles of all public bodies delivering local services. In other words, central government has to ensure that principal authorities have the credibility and the authority to provide community leadership.

- ***What might this mean for the current performance management framework?***

The identification of a small number of targets would reduce the burden in time and costs of inspection, thereby allowing more freedom and flexibility to local authorities in determining local solutions to local problems and applying more of its scarce resources to actual service provision.

- ***Would a more contractual approach for a small number of central priorities help to achieve this?***

We would acknowledge that so long as central government funds significant areas of work carried out by local authorities it is perfectly proper that it should have a measure of control over the quality of those services as delivered, and upon the outcomes achieved. It may well be that a contractual approach to some of those areas of work could be a beneficial way forward and we would cite as a parallel example the Service Level Agreements and contracts we in turn negotiate with organisations such as the Fire Service and Business Link, and with voluntary bodies for the delivery of some of our services including museums and cultural and arts facilities.

We could not say, however, that contractual arrangements would entirely define the distinction between government priorities and local freedoms – we are not sure the two can be categorised so closely.