

## **Comments on the Lyons Report – National Prosperity, Local Choice and Civic Engagement.**

By Jon Morris

I will start by saying how impressed I am by your report. I agree that there are no simple, easy or even enduring answers to what are the appropriate central local government relations.

It is a topic to which I have given much thought since undertaking a research degree on the subject in the 80s and then spending most of my career working in, lecturing or seeking to work with local government. I have seen my beliefs in decentralisation to local government challenged by nimbyism in relation to housing provision and being the chief executive of a New Deal for Communities project. I still believe that we need far more decentralisation to local government but that crucially if it is to work we need a far greater alignment of responsibility, accountability and power.

Having said that there are some issues that I would personally give greater emphasis to than I see in your report.

### **1 Economies of scale.**

There is a tendency to assume that economies of scale increase with size. There are also economies of small scale which reduce with size. The trick is to get the right balance.

Small organisations can more easily understand what is happening within the organisation without the need for complex management systems and procedures.

It is also easier for a small organisation to create a positive culture around its goals; to harness staff commitment and innovation, to use front line staff to respond to customer expectations and to feed back into the organisation decision making processes.

The efficiency of the small was recently highlighted by the Housing Corporation's publication of its efficiency league table. Under the criteria they used - all of the most efficient RSLs were particularly small ones.

However, one of the difficulties of the small public sector organisation is that they have to have the monitoring and management systems of large organisations to satisfy the requirements of the Audit Commission, central government and others to whom they have to report. It is also difficult for large organisations to monitor and manage a large number of small organisations. The response of the Housing Corporation to the results of their efficiency league table was to suddenly downplay its importance and say there is no reason why these (highly efficient) small organisations should not merge.

Another issue that this highlights is that it is most efficient for a large organisation to procure via large contracts if it only considers its procurement costs. However the above example highlights the extent to which large scale procurement may lead to

increased costs throughout the system as a whole which should be of concern to the public sector. It also tends towards contracts going to larger organisations which are less likely to have a sense of local place and understanding of the local circumstances and are less likely to recycle the money they spend within the local economy. This is a problem with the Gershon agenda.

One of the biggest potential advantages of small organisations in the public sector is their ability to engage the public, but they can only do this if they have the freedom to respond.

There are of course economies of the large scale and these need to be balanced. Too often the entire driver seems to be about the administrative economies of scale and monitoring requirements of large central organisations, resulting in the undermining of the advantages of the small scale and the local.

## **2 Joined up action.**

Any complex organisation has to divide up the ways in which the elements of its work are delivered. This will inevitably create some problems of joining up the work across organisational boundaries. If this is to have any chance of working then the people responsible for the joining up need to have the access to the appropriate information to understand that there is a problem and the power to then address the problem to bring about the necessary joining up of action.

The present system starts with the laying down of national targets, advice etc through separate Whitehall silos. A whole plethora of plans and partnership working at the local level are then expected to turn these into locally joined up working. They however often lack the power to change the national criteria in ways that will produce joined up local working.

New Deal for Communities is one example of a scheme expected to produce joined up working right across the board. It often felt to me as if I had to create a car with several steering wheels, the body of an MG sports car, a Skoda engine, the gearbox of a JCB and then be judged on my ability to persuade people that this was an excellent people carrier.

In some cases there is a clear case for national targets that override local choice. New housing provision is I think one. However there then needs to be an absolute acceptance of national responsibility to ensure the provision of the necessary infrastructure. Even in this case there is a strong need for local input to ensure that the local provision is suitable for the local situation and that there is an effective feedback and learning system from the local to the national. There have been a number of examples of national housing drives creating unintended consequences and the central drivers of the policy being very slow to learn. The current push for high density housing on brownfield sites is leading to the building of a very high proportion of flats well in excess of what households want and to a loss of large gardens, open space etc which could well further undermine the attractiveness of cities as places to live for those with the money to buy out. The capacity of central government to cope

with and have the necessary feed back on national programmes will be limited. As you say it has therefore to pick a few priorities.

I think any organisation has limited capacity to join up activity across its boundaries. Central government should concentrate its efforts on the relatively few things that are the current top priority that require a national level of coordination and enable local government to have the freedom power and responsibility to create joined up approaches to the most important action at the local level.

An example of something I think should be a local priority s support services to individuals. At the NDC I became aware that some of the most deprived individuals had up to 20 support workers working on them. They mainly worked independently from each other and saw the person as the particular problem they dealt with. (debtor, potential criminal, specific mental health, drug addict, etc). Never did any of those workers have the remit to deal with that worker as a whole person, yet this was very clearly what was needed. Individuals who attempted to do so had great success where extremely popular with their service users and the wider local public and usually very unpopular with the agencies working in the area for not sticking to their remit and sometimes with their own managers for doing work that was over and above their specific targets. The amount of disjointed work going in would have more than funded one or two people providing a more generalist approach. The blocks that were at the very least used to justify this very un-joined up working were the requirements of national targets.

### **3 The complexity, opaqueness and confusing nature of the current system.**

In the 70s Rod Rhodes described central local government relations as one of rational ambiguous confusion. The rationality was the ability of both sides to blame the other for outcomes that they did not want to take responsibility for. The problem with this is that it produces poor decision making and public distrust of the whole public sector system. For officers it promotes a jobsworth culture. For politicians either an emphasis on blaming the other party or frustration and for the public - disengagement with formal democracy.

In addition the complexity means that professional and political time becomes so invested in trying to understand and service the systems that there is not the time left to learn what really works or how to provide what the electorate really wants.

### **4 The self-fulfilling logic of central control.**

What we have seen over decades is local action that is seen as inappropriate by the centre resulting in the taking of national controls – or even what is seen as a particular piece of local good practice being enforced nationally and this leading to unintended consequences which in turn leads to further centralising control which leads inevitably to further unintended consequences and so on. This is further fuelled by central empire building as well as by people who believe that their national position gives them the duty to resolve problems that come to their attention especially if they are raised through the national media or Parliament.

Breaking out of this cycle will require very significant change – the equivalent to setting up the Welsh and Scottish national assemblies.

### **5 The difficulty of engaging the public under the current system.**

If people are to engage they need to be able to see the impact of their engagement or at least understand why they can not get what they want. The current system with its complexity and longevity of decision making leaves most people feeling that democracy does not work for them. This is well covered by the Power Inquiry.

I think there is an even stronger danger in terms of poor communities. They are far more likely to engage at the local than the national level. The failure of local government to provide them with what they need can already be seen to be leading to the growth of extremism in terms of BNP councillors in white areas and parties such as Respect or the free Kashmiri party within certain minority ethnic communities. The current requirement to build action into very local forward plans, and from them into local authority wide plans, and then partnership plans (LAA or community plans or whatever replaces them next) which in turn have to comply with a range of regional and national plans and have to be approved by civil servants - just makes people think they are being fobbed off.

If double devolution is to work then at the least the extent to which this sort of multiple planning systems is required will have to be broken.

### **6 The difficulty of local government as well as central government coping with more freedoms.**

Too many people in local government have got used to working with the current systems.

- Some pride themselves on their ability to get something to work through the system they have invested so much in understanding.
- Some have built their careers on their ability to service the systems and their employability depends on such systems continuing.
- Some find it can be used to avoid responsibility for their actions or inactions
- Some find that the constraints give them easy decision making or excuses – they do not have to provide the public with what they want or think about what will work just do what the systems allow or use others lack of knowledge to convince members and citizens that they are only allowed to have what the officer wants.

In many unintentional ways this serving of the system has been encouraged by national auditors and controllers

This will require a big change in the culture of much of local government. It is the sort of change that I think requires a fundamental change in the formal structure of local government to signify the scale of the change to local government, the public as well as to central government.

## **7 Responsibility, accountability and subsidiarity.**

I believe that for governance to work we need to have underlying principles of linking responsibility and accountability in the same organisation and preferably the same individual and to have subsidiarity as the overriding principle for where the responsibility should lie.

## **8 Standardisation of services v standardisation of outcomes.**

I totally support your case against the post code lottery mentality. However I was unclear at times in your report as to whether you were arguing against a standardisation of service provision or outcome. I thought you see the argument as applying to both. However I felt there was the potential for those who wish to do so to say you were only making the point in relation to the harder to defend standardisation of services and what they are supporting is the standardisation of outcomes and use that to undermine your report.

### **In Conclusion.**

I think your report gives the best hope for dramatically improved governance in this country but I would conclude that there is a need for a more formal and dramatic change in the central local relationship than you imply in paras 2.61 and 4.6