

Making Government work for local Communities.

The need for radical decentralisation.

Localise West Midlands believes that government needs to operate as close to local communities as is practical.

The advantages of local decision-making.

It is more likely:

- To reflect local circumstances and needs
- To engage local communities and reinvigorate democracy
- Engage the enthusiasm of local residents, staff and politicians to develop imaginative and effective local solutions
- Develop local communities with strong social capital
- Promote voluntary and community activity
- Support local places and local environments that reflect local characteristics and needs
- Reduce unnecessary bureaucracy
- Encourage flexibility
- Clarify responsibility
- To make the most effective use of staff
- Enable genuine leadership to take place
- To create learning organisations and communities.

To achieve these advantages we need a dramatic decentralisation of power but we also need to have an alignment of responsibility and power and effective systems of coordination with appropriate power at the different tiers of government.

What's wrong with the current system?

1. In the 1980s the system of central local government relations was described as one of “rational ambiguous confusion”. Its rationality was cynical. The system was so confusing that central government could blame local government for any failings of delivery and local government could similarly blame central government without anyone having to admit responsibility. Since then the ambiguity and confusing complexity has got worse. This helps produce a lack of respect for politicians and undermine democracy.

2. The system has a tendency to produce national one-size-fits-all solutions that do not work everywhere.

Examples of these include such things as high-rise housing, the current minimum density standards exacerbating the shortage of family homes. These approaches frequently produce unintended consequences such as doctors ensuring no one has to wait more than three days ahead by stopping forward bookings of appointments.

3. It exacerbates uncoordinated delivery.

At one level this can be delays to new developments because of the lack of availability of funding for necessary infrastructure. At the individual level it can be a person in need faced with dozens of different workers, all of them dealing with them as the unit of the specific problem they have a target to meet, and none of them having the time to discuss and address the real problem.

4. It lacks the flexibility needed to enable places to create and preserve their distinctive characters giving people a real choice about the area in which they live. Clone Town Britain is partly a product of this.

5. It creates illogical decision-making space.

A real and relatively easy to understand example of this is as follows. A council wanted to develop a housing scheme on a narrow cleared site. The details of the site meant that a number of statutory and formal consultations had to take place. All those consulted supported the development. However the combination of all the demands was that a strip a yard wide was all that was left for development. In this particular case it was possible to get all the objectors to review their comments and produce a workable scheme. However it is more likely that where an illogical decision space is left that those having to make the decision will not even be able to identify those whose views they would have to change let alone have the ability to get them to change them. They will often go ahead with a poor decision rather than risk being totally exposed if an inspector discovers their sensible decision.

6. It separates responsibility from power.

The very complexity and confusion of the system ensures that it is rare that anyone can be held fully responsible for their local actions of government. It is also the case that many of those in central or regional government agencies will never have to defend their actions to the people on the receiving end of the service. Indeed they will probably never get any feedback at all from actual users. In our experience civil servants often have no appreciation of the impact that their policy, guidance or regulations have.

Ministers can then find themselves facing hostile questions from the press of a select committee over some essentially very local issue and faced with the temptation to promise to do something about it, resulting in yet more complex regulations, guidance and advice.

The atmosphere produced by the system is wonderful for the jobsworth who will use the rules, guidance etc to justify what is easiest for them. It is also wonderful for the blocker, the person who wants to stop something working because it is not what they want. A particularly striking example of this can be the accountable body role. New Deal for Communities are one example of its use. NDCs are required to have an accountable body through which their finances are run. In all but one case this means the local authority. There are examples where this relationship has worked well. There

are others however where the local authority has seen the NDC as something imposed on it that it thinks it should run and decide how the money is spent. In these circumstances they can use their control over finance and appraisal systems to make it very difficult for the NDC to deliver anything other than what those council officers want. The local authority staff do not have to take responsibility for their blocking action rather it is the NDC Board or its staff.

7. Citizens don't count!

The Audit Commission's own unpublished research shows that the Audit Commission was the most important influence on decision-making in housing associations, and tenants the least important.

Given the extreme importance of a good audit report for the future of any officer's career and the importance of pleasing central and regional government funders and regulators to get anything done it is not surprising that officers in most public agencies should not regard providing citizens the service they want as particularly important.

Local politicians will also be faced with the crucial importance of good audit reports, central or government office, or RDA approval, and the way in which the press will mediate and report them. It becomes increasingly the case that the evidence will be assembled to tell auditors and civil servants that you are doing whatever it is they want to hear whether or not it is what local citizens want or it is right for the local circumstances.

There is a conflict between the strong commitments being made to public participation and the complexity and top-down strategic approaches being taken. A whole range of plans and documents have to be produced for planning, housing, regeneration, community plans, community safety plans etc. All of these have to be approved by regional or national bodies and all have some element of national targets. Most residents want to get involved about a specific issue on which they want action now. Frequently they will be faced with wanting an action that does not fit with one of the myriad of approved plans. At best they will have to wait for the plan cycle to be repeated and by then they are likely to have given up and become cynical about the whole system.

Those who have a belief and want to make society better are faced with either having to do what the system currently promotes or having to engage for years to get the plethora of forward plans, targets, regulations and grant-giving criteria changed if they are to get any support. In doing this they will have to challenge well-funded and supported vested organisational interests.

The approach being taken in the Housing Market Renewal areas is a prime example of this. Plans have been drawn up effectively requiring houses to be demolished before the owners were consulted. The biggest private sector redevelopment of the last 30 years took place in Saltley in Birmingham. Initially there was overwhelming opposition to clearance by residents. However when the organisations involved started working with those residents and putting their housing needs at the centre of the process, the residents moved to pushing for more clearance as long as it was done with the then new approach.

8. It undermines learning.

The system requires local authorities and other public bodies to please a range of central government and other auditors, regulators and funders. This puts a premium on being able to present the case they want to hear, avoiding any dissent from that case and not admitting mistakes. Dissent within the organisation has to be curtailed, and without positive dissent there is no internal learning. Learning is likely to be focused on what boxes need to be ticked to get a report, not on what local residents want or what works in the local circumstances.

Peer reviews where similar organisations contrast and compare with each other in an environment where there is no threat from admitting failure or uncertainty is a very different approach.

Under the present system the reviewing or controlling organisations will themselves struggle to learn from the organisations they review particularly where the reviewe sees a danger of a poor review.

For members of the community seeking to engage with the local public sector to try and achieve something they care about the lesson is too frequently likely to be it is not worth engaging with government.

The system needs to be changed to put local residents and councillors in the driving seat so that local government organisations seek to learn what their residents want and how best to provide it.

9. It undermines local politicians and democracy.

Local councillors are faced with impossibly complex systems to be able to influence on behalf of their electorate. At best it will take them years to be able to understand the whole array of rules through which they have to operate. It is only when they have that understanding that they will be able to really act for their constituents in an efficient way. Most people will have given up, thinking they have better things to do with their lives. Those who have gone through that pain barrier will be able to dominate the limited decision space available. They may even see themselves as having an interest in retaining the complexity that they have invested so much in understanding and thus protecting their own power.

The reward for many of the councillors is to find that they are abused by residents who they are unable to help and seen as uninterested in them.

We also have increasing power in the hands of national and regional bodies with no democratic accountability.

Over recent years we have seen the dramatic growth in the number and power of various quangos. These include regional bodies such as the regional development agencies, government offices, national organisations such as English Partnerships and the Housing Corporation. There has been a massive growth in auditors and regulators with the power to overrule the decisions of democratically elected politicians and

even the power to suspend politicians such as Ken Livingstone without any reference back to the local electorate.

Where there are still elected councils they are faced with constantly growing constraints on their decision-making space.

Initiatives such as Local Area Agreements are presented as being a massive increase in local control. They have dehypothecated some funds which used to be under local control. However the Local Area Agreement plans have to meet government targets and be approved by non-elected civil servants in Government Offices. It is more of the same approach of separating decision-making, responsibility and understanding of what is needed and what works.

10. It dispirits staff.

Many of the staff in local government and other aspects of local public agencies are professionals, who have studied their subject, built up experience and have chosen that profession and public service because they are committed to making a difference to the lives of the people they serve. This is a massive potential asset. Any private sector company with that level of commitment and half-decent management would be world leaders.

Yet far too many of the staff have just had enough; their commitment at least to their employer is dead. They find themselves constantly chasing more and more irrelevant paperwork and targets. They find it harder and harder to provide the services that they believe their customers need and want and are faced with more and more demanding customers.

They are also likely to see those who get promoted being the ones who know how to, and concentrate on playing the bureaucratic system and presenting or even believing that everything is working or would be if more of the current dogma was imposed. This of course further reinforces the 'no learning' approach.

11. It undermines equality of service provision and opportunity.

The pressure on most local organisations is to maximise their target achievement at minimum cost. The easiest way to do this is to exclude the most difficult cases and concentrate resources on the easiest. There are still examples of this despite floor targets. Such tactics do of course have to be unobserved by auditors etc. Similarly staff with career advancement in mind will have to avoid working in a school that is seen as failing or a 'no star' rated local authority, making it harder for those seen as poor performers to recruit.

12. It undermines the development of communities.

Local government can play a key role in developing a sense of local community. However such an approach requires local residents to be able to work together to and see achievements from their actions. Too often the battle is too difficult and divisive. The achievements of community work are often hard to measure and thus difficult to justify on paper to civil servants and auditors. Yet they are often easy to see for those

close to the ground. People working close to the ground with communities need to be able to respond to people as communities. Predetermined targets undermine that. They are however very effective and popular with residents. So there is a continual scrapping or narrowing of posts such as housing managers, or community workers or park-keepers who work in that way because they do not fit the current management orthodoxy. They are then continually reinvented as neighbourhood or park wardens, or community support officers.

13. It creates silos.

Any structure will inevitably create organisational divides between different roles. They need however to be brought together so that the divides do not undermine the service that the customer wants. What most citizens want is the integration at the local or personnel level. What they are faced with is the equivalent of having to buy a car from separate organisations that make engines, gearboxes, chassis, and bodies without co-ordinating with each other to ensure that they are compatible. To “overcome” this problem we have a plethora of local strategies that have to fit with the separate specifications for engines, gearboxes etc, so that they effectively become documents designed to convince those acting on behalf of the national specifiers that everything has been made to fit together so that cars work, and most importantly all the separate specifications are being met.

14. The whole system is a self-reinforcing and hugely expensive-to-run nightmare.

Whenever the centre identifies a local problem it imposes another national template to fix the problem. Thus we have continuous initiatives. We have floor targets to deal with the problems other targets have made in relation to equality. We have LSPs, and NDCs, and CSPs and so on to bring about more local coordination; regional development agencies, planning and housing bodies and government offices for regional coordination. We have more national targets, then changed targets, then reviews of targets. More and more time and effort goes into trying to make the system work from the centre. This places more and more demands on staff and politicians at all levels to feed the system. More and more time has to be put in at the local level to try and find a way of undertaking or presenting what is needed locally so that it will fit the national templates, or trying to alter the templates. Alternatively people give up and do what fits the national templates whether it makes sense locally or not.

It is perhaps interesting to note that when the Thatcher government in the early 1980s decided to more tightly control local government expenditure it started to rise against government targets faster than ever before.

We now have the Audit Commission saying that it is going to concentrate on auditing how the whole sets of systems work at the local level. This will presumably involve, yet more staff for the Audit Commission, another national template, more resources of local staff to respond to the Audit Commission, less time to consider the issues from a local perspective, a further undermining of the role of local councillors and the sensitivity of government to the local population. This is of course in addition to the frameworks and directions and requirements of regional Government Offices, Regional Development Agencies and the Neighbourhood Renewal Unit.

What we have are classic examples of organisational empire-building. A failure is perceived in a lower tier organisation. The answer is to give more control over their actions to a higher tier organisation. This in turn creates more problems at the lower tier to which the answer is to give more power and resources to the higher tier and on and on. Alternatively smaller organisations are merged into ever-larger ones to make them easier to control, which makes them less sensitive to the local issues and slower to respond. This self-reinforcing cycle has to be broken.

15. It undermines the value of local understanding.

There are economies of scale for large organisations. These are about standardisation and specialism. They are the elephants that find it very difficult to dance.

There are also economies of scale for small organisations. These are about being close to the customer and knowing their needs, having short feedback and not needing complex monitoring, customer research, marketing, staff management and forward planning systems. They are about being able to be flexible and responsive to their markets. They are about the economies of the human scale and the informal. Most if not all local authorities are too big to take advantage of the economies of small scale for most of their activities.

However neighbourhood government, if it is on the scale of the French communes, is capable of taking advantage of the small scale.

Many community-based housing associations had the advantages of small scale. Yet they are being forced to merge into ever-larger organisations. The rationale for this is to make them achieve economies of scale. At the heart of this seems to be the requirement of the Audit Commission and the Housing Corporation to have paperwork and complex systems for everything, yet these are unnecessarily expensive for small organisations. Community associations are being destroyed because of the intrinsic inability of the audit commission to audit them. The genuinely advantageous economies of larger scale can be achieved through partnering and subcontracting.

When the audit commission undertook a study of New Deal for Communities it identified them as brilliant in terms of engaging citizens and delivering relevant and innovative solutions, but criticised them for not having enough standardised national monitoring and paper systems. Perhaps the real question that should have been asked in the Audit Commission and government is if most of them are delivering so well in very difficult areas are we not demanding too much standardised bureaucracy across the board.

The very complexity of the systems and their top-down nature puts all the emphasis on having the paperwork in place that fits with national system requirements, having the economies of large rather than small scale.

In the 90s Birmingham developed a local builders' list. This was administered by local residents and enabled them to get an assurance that a builder on the list had done satisfactory work for another resident in the area. Additionally it helped build a sense of community in the area and enabled groups of residents to put together a collection

of small pieces of work that enabled them to get a builder for the small piece of work that otherwise would not have been worth them bothering with. The list worked for small builders. This was taken up and promoted nationally. Inevitably the test of a good builder became have they got the appropriate paper work and systems. This was not as successful, and it lost the added advantages of building local community relations, helping small cheaper builders and enable residents to get the very small jobs done. This is inevitably what national government does whenever it seeks to set up a national response to a local issue.

What's to be done?

The answer needs to ensure that there is the ability to innovate and provide local solutions at the local level, in ways that will re-motivate, local citizens, politicians, staff and businesses. Not everything can be done at the local level so it is about getting the right level of decentralisation.

Simon Jenkin's book on decentralisation provides substantial evidence that decentralised government works in terms of people's satisfaction and cost effectiveness.

This needs to be based on a number of principles.

The first thing that has to be recognised is that the answer does not lie in more imposition by central government of partnerships, structures, and management systems to the local level.

In most cases Central Government is not the answer to local governance - it is the problem.

The key principles are

1. Decisions should be made at the lowest practical level.

2. Responsibility and authority have to be held at the same level.

This implies a dramatic curtailment of the role of Government Offices, Central Government, the Audit Commission and regulatory bodies such as the Housing Corporation.

It also means that if central government wants to fund or require an initiative such as a Local Strategic Partnership or New Deal for Communities, then it must make them independent organisations or be the accountable body. If the local partners want to set up such an initiative then they should do so taking full responsibility without having to cope with any central government requirements.

3. Local choice and therefore diversity must be recognised as a positive.

The phrase 'postcode lottery' should be banned.

4. The system must be simple enough for those engaged in or with it to be able to identify who is responsible for what decision.

5. Democratic responsibility needs to be maximised.

6. The structures need to be strong enough to resist the return to the slow and insidious growth of centralisation.

This could be the adoption of a national constitution. It could be giving local councillors the majority of places in a reformed House of Lords. At the very least there needs to be clear legislation that fully aligns authority and responsibility.

If a higher tier of government wants to place any new requirement on a lower tier of government then there should be a referendum of the local population with both sides putting their case and the higher tier of government paying the full costs.

7. The Financial independence of the different tiers of government needs to be maximised.

The only role for central government in distributing resources to lower tiers of government should be to equalise resources in relation to need. This must be formula based and accepted that it gives a higher tier of government no right to influence how that funding is spent.

If the higher tier of government wishes to see a different provision of services from the choice of the democratically elected lower tier then it must fund and manage it and win a local referendum which it funds.

The Roles for the different tiers of Government

Central Government.

- Setting national frameworks only for those issues that have a clear national imperative; eg defence, international trade, immigration, national and international transport, overall housing provision, energy policy and climate change, benefits, pensions and certain health issues. This will free up central government to concentrate on the key issues that have to be addressed nationally
- Coordination of activities that have a national dimension that cannot be regionally co-ordinated. This would be to ensure the appropriate provision of services and facilities where there is a NIMBY reaction against provision and the cumulative regional plans show a clear underprovision e.g. travellers' sites, affordable housing provision, waste sites. This would also include facilities where there is need for a very limited number nationally and there is unresolved regional competition eg a national football stadium. This would include the provision of infrastructure and major developments such as major development growth areas.
- To equalise resources between regions through the distribution of tax income collected nationally and through reviewing the location of its own expenditure.
- To act as a point of appeal for issues that have a national dimension.

- To provide advice where there is a clear national argument for specialist expertise to be nationally based.
- To support and enable effective action by regional government by listening to and removing barriers to their action that are created by central government or which can only be addressed nationally.
- By facilitating peer review between regions and with international comparators.

Regional Government.

- Setting regional frameworks for issues that have a clear regional dimension. Eg regional transport infrastructure and public transport; regional scale developments and housing targets
- Coordination of Local Development Frameworks to remove inconsistencies.
- Co-ordination of activities that have a regional dimension and which are not being effectively provided or coordinated at the local level. This is likely to be facilities for which there is either excessive competition or a NIMBY reaction to.
- Funding and delivery of regional infrastructure projects
- Funding and provision of health facilities such as teaching hospitals that require a regional distribution
- Funding and provision of specialist education facilities such as universities.
- To equalise resources in relation to need within the region
- To act as a point of appeal for issues that have a clear regional dimension.
- To provide specialist advice where there is a clear regional case for it to be nationally based
- By facilitating peer review for lower tiers of government and removing barriers for which it is responsible
- Reviewing and agreeing appropriate boundaries for local government within the region.

There should be one democratically elected regional body which covers the role of Regional Development Agencies, Housing Board, Housing Corporation, Health Authorities, PCTEs, and LSC, Fire and Police so far as these are not appropriately dealt with by another tier of Government.

The Main Tier of Local Government.

There needs to be an appropriate balance of scale between economies of scale and operating to cover an appropriately large district and being close enough to the local community to be accessible and understand needs. This would tend to suggest the options of units of about 100,000 created by abolishing County Councils and giving some of their functions such as minerals and waste disposal to the regions and dividing up the larger Unitary Authorities and combining smaller shire Districts. The other option would be to have city regions that will take on the regional authority functions plus responsibility for the main city centre and its regional functions and for these to have smaller Boroughs within them.

These should be responsible for all the current local and central government functions that are not appropriate for a higher level of authority. This would include aspects of health such as environmental health, and most primary and preventive health care.

City Regions

The idea of city regions is currently being widely debated.

They are largely being promoted on the basis of being drivers of economic competition to market the city regions to attract footloose investment. Government is about far more than competing with other government areas to attract investment. Such a single driver approach cannot be sufficient to justify a whole tier of government. To be justifiable as a separate tier (as opposed to joint working between councils) it would need to be shown that they were the most appropriate level for a wide range of functions. In practice this would certainly mean taking on the regional functions described above. Careful consideration would have to be given to where the boundaries would be drawn. The influence of Birmingham as a regional capital spreads beyond the boundaries of the old West Midlands County Council. That conurbation has particularly strong links with towns such as Redditch and Telford or Bromsgrove. But these in turn have strong links with their hinterland and with towns such as Shrewsbury, Kidderminster and Worcester. What would the impact of a city region be on these towns and the wider workings of the region. We are not convinced that the case has been made for city regions.

Neighbourhood Government.

If these are to be effective and engage citizens they need to be small enough to take account of the economies of small scale. They have to be able to be flexible and responsive. They must not be drowned in directions, audit and monitoring requirements or management, review and policy-making systems that require large organisations to service them.

Typically a neighbourhood should be less than 3000 dwellings. They should be responsible for community development, maintenance of public spaces, neighbourhood scale leisure facilities and activities, small scale development control issues, neighbour disputes and 50% of lettings for social housing in their area, small grants to community and voluntary groups. Higher tiers of Government must not be able to enforce their views on them. It needs to be clear what they are responsible for.

Conclusion

A radical agenda for change

This implies a radical change for the whole of government structure in Britain. It would however bring it more into line with many other countries in the world.

We do not believe that the present system is sustainable. Attempts to reform what is essentially a very top-down, confusing and irresponsible system will only paper over cracks while creating new and different fault lines.

If this is seen as too dramatic a change to happen in one go we would suggest that the first step is the setting up of a neighbourhood government structure combined with a review of central government with the sole intention of massively reducing its influence. This would leave Ministers free to concentrate on the genuinely national and international issues. This review should not be carried out by civil servants.

The next stage should be the establishment of elected regional government which in turn would play the leading role in the review of the main tiers of local government within the region.

LWM will support political and administrative decentralisation based on the principles in this paper.