Department for Communities and Local Government

Strong and prosperous communities

The Local Government White Paper

£32.50

2 volumes not to be sold separately

Contents

Foreword by Tony Blair
Prime Minister

Local government is a vital part of our democracy. The vast majority of interactions between citizens and the state take place through local government. It provides leadership for local areas and communities; democratic accountability for a wide range of public services; and is the key to effective partnership working at local level.

It is therefore essential for us to do everything we can to help local government do its job. The purpose of this White Paper is to enable local government to step up to this role, and to enable communities to have a say in the issues that matter most to them.

Our proposals build on the investment and reform we have made since 1997. Over the last 10 years the best local authorities have done a fantastic job and councillors up and down the country have given their time and energy to serve their communities.

This White Paper builds on this success.

It proposes a new approach to local partnership to give local authorities more opportunity to lead their area, work with other services and better meet the public's needs.
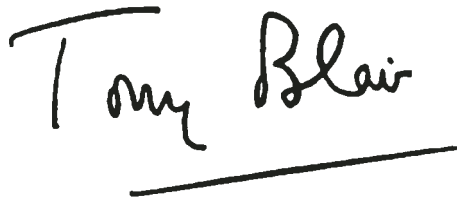
It sets out the important contribution of our cities to the economic health of our communities. We want the offer of greater power to cities and city-regions matched by stronger governance and accountability at that level.

It puts in place a more streamlined and proportionate performance regime which commits the Government to a radical simplification of the existing system and a massive reduction in the number of targets for local partners.

It will strengthen local leadership everywhere, building stability and accountability to citizens through new executive arrangements including council leaders with four year terms and making it easier to opt for directly elected mayors or executives.

It will give more power to citizens and communities to have a bigger say in the services they receive and the places where they live. And it will strengthen the role of the thousands of local councillors who are at the front line of local democracy and community engagement.

We want a new relationship with local government based on a mature conversation about what is best for local people. We want to see local authorities rising to the challenge of leading their areas. We want them to be more confident and more proactive, working with their citizens to create strong, prosperous communities which are ready to make the most of the opportunities of the 21st century.

Tony Blair
Prime Minister

Preface by The Rt Hon Ruth Kelly MP

Secretary of State for Communities and Local Government

The aim of this White Paper is to give local people and local communities more influence and power to improve their lives. It is about creating strong, prosperous communities and delivering better public services through a rebalancing of the relationship between central government, local government and local people.

For the last ten years, the improvements in our public services have been driven largely from the centre. There was good reason for this approach. In 1997 this Government, after decades of under-investment, inherited public services and institutions which were not always fit for purpose. We responded with massive investment and by setting a strong direction nationally. Combined with the hard work and commitment of local government and others, this has led to radical improvements.

But for these improvements to continue, we must have the courage at the centre to let go. The challenges we face are too complex, the needs often too local, for all solutions to be imposed from the centre. And quite rightly, people no longer accept the "one size fits all" service models of old. They want choice over the services they receive, influence over those who provide them and higher service standards.

It is now time to show our confidence in local government, local communities and other local public service providers by giving them more freedom and powers to bring about the changes they want to see.

The relationship between central and local government

We understand that as local government and its partners have improved, the strong direction and framework set by central government also needs to change. This White Paper sets out our proposals which will provide freedom and space for councils to respond with flexibility to local needs and demands. It radically reduces national targets, tailors others to local circumstances and introduces a lighter touch inspection system.

This means a stronger role for councils to lead their communities, shape neighbourhoods and bring local public services together. We are introducing stronger, more stable models of local authority leadership to build on the progress made so far, including elected mayors where people want them, directly elected executives and council leaders with four year terms. This is combined with a permissive approach to whole council elections, single member wards and restructuring in county areas.

The relationship between local government and its partners

We are also proposing a new framework for local authorities to work with other public service providers, with new duties for them to work together to meet local needs and drive up service standards. And we endorse the way in which some of our best local authorities are coming together across wider areas to drive up the economic prosperity of our towns, cities, city-regions and rural areas.

The relationship between local government and citizens

Local government's strength is its closeness to its communities. Citizens and communities know what they want from public services, and what needs to be done to improve the places where they live. We want to use these strengths to drive up service standards and foster a sense of community and civic pride.

This White Paper sets out new responsibilities for local authorities to give local citizens and communities a greater say over their lives. Local citizens will have more information about how services perform in their area and they will have more opportunities to get involved.

We propose new powers for citizens and their local councillors. Where things go wrong local councillors, supported by their communities, will be able to demand an answer to their questions through the Community Call for Action.

We are encouraging the development of local charters, setting out agreements about standards in the local area. We are encouraging local authorities to give their councillors small budgets to deal with local problems and we are encouraging more local authorities to adopt the principles of neighbourhood management and join up with neighbourhood policing teams. In addition we want to increase opportunities for local communities to take on the management or ownership of local facilities and assets.

A new settlement for the future

This new settlement between central government, local government and citizens aims to put in place the incentives and opportunities for local government and its partners to improve radically the services we receive and the places where we live. We want to make it easier for local government to focus on improvement and respond to rapidly changing circumstances. Councils must demonstrate that they can deliver better and more efficient services. They must also show that they are ready to make a fundamental change in attitudes and culture, engaging with citizens and working with their partners in new ways.

I believe that this White Paper offers the tools local government needs to do this. It underlines our confidence in local government, in those who deliver our public services and in local communities. Working together, we can continue to improve public services and the quality of life in our communities.

Executive summary

This White Paper is on the side of individuals and families who want to make a difference, both to their own lives and to the communities in which they live.

Our vision is of revitalised local authorities, working with their partners, to reshape public services around the citizens and communities that use them.

This means changing the way we work to give citizens and communities a bigger say; to enable local partners to respond more flexibly to local needs; and to reduce the amount of top-down control from central government.

Since 1997 there has been a radical improvement in the quality of our public services. Central government has played its part by providing record investment and pushing through reform. And local authorities, the health service, the police and other public agencies have worked hard within this national framework to improve service delivery. But if we are to continue to improve, we now need to give local authorities and their partners more freedom and powers to meet the needs of their citizens and communities – and enable citizens and communities themselves to play their part.

Responsive services and empowered communities

Citizens and communities want a bigger say in the services they receive and in shaping the places where they live. The best councils and councillors already work closely with citizens and communities. We want this to be the case everywhere – for people to be given more control over their lives; consulted and involved in running services; informed about the quality of services in their area; and enabled to call local agencies to account if services fail to meet their needs.

We want all councils to focus more on their citizens and communities. We will encourage councils to develop neighbourhood charters setting out local standards and priorities; to manage services at the level of the neighbourhood; to work more

closely with neighbourhood policing teams; and to give councillors small budgets to tackle local issues.

We will simplify the process for setting up tenant management organisations. And we have set up a review to examine how communities can play a bigger part by managing or owning community assets. We will continue to provide support for community groups to play a bigger role.

We will back this by a stronger legal framework to require local authorities and other best value authorities to secure the participation of local citizens and communities.[1]

Local people will receive more information about service standards and be able to turn to their local councillor to demand an answer to their questions through a new Community Call for Action. We will encourage local authorities to put in place standard procedures for dealing with petitions. In addition the role of the Local Government Ombudsman in tackling complaints will be updated.

The process for creating parishes will be devolved to councils; and communities in London will be given the same right to establish parishes as exists elsewhere, subject to considerations of community cohesion. The power of well-being will also be extended to Quality Parish Councils.

Effective, accountable and responsive local government

Local democracy needs strong, visible leadership but the framework within which local authorities operate can be a barrier to the kind of leadership that prosperous communities require. Too often political parties struggle to find enough good candidates to stand for election. Local councillors feel disempowered. Council leaders have short mandates – normally only one year – limiting their ability to take tough decisions.

All the executive powers of local authorities will therefore be vested in the leader of the council.

In future there will be three choices of leadership model: a directly elected mayor, a directly elected executive of councillors, or a leader elected by his/her fellow-councillors with a clear four year mandate.

---

1   Police Authorities will be excepted from this because they already have statutory consultation requirements

Local authorities will be able to move to the model of a directly elected mayor by resolution of the council and in consultation with local people. Where they want to they will also be able to move to whole-council elections and single member wards, sharpening accountability to voters. Councils in shire areas will be able to seek unitary status, and in remaining two-tier areas there will be new opportunities to bring local government closer to the people and deliver better value for money.

Strong local councillors, representing their communities, are at the heart of our democracy. An independent review will look at incentives and barriers to serving on councils. New training opportunities will be provided for councillors; and the code of conduct will be amended to allow councillors to speak out on licensing and planning issues that matter to their local neighbourhoods.

The making of byelaws will be fully devolved to local authorities and in future they will be more effectively enforced by using fixed penalty notices.

Overview and scrutiny committees will be strengthened to allow them to call on local public service providers for evidence and demand a response to reports from the council.

We will devolve most aspects of the conduct regime to local authorities with a streamlined Standards Board refocused as a light touch regulator.

Strong cities, strategic regions

The challenges of the global economy and of sustainable growth require greater power and resources to be devolved to regional and local levels.

Since 1997 there has been a renaissance in our cities, but if we are to compete as a nation we must have cities that can hold their own on the global stage. Much of this will come down to the dynamism of the private sector. But the quality of local leadership is crucial in developing strategies that reflect the reality of local economies – many of which cut across local authority areas. Strategic leadership and co-operation – whether in cities or elsewhere – is therefore essential to the prosperity of local communities.

Building on recent progress we have been discussing the way forward with towns and cities across the country. Many have come forward with proposals that would help promote their further economic development. We will continue to work closely with these local authorities – whether in city-regions or elsewhere – and with those that are interested in developing Multi-Area Agreements which cross

local authority boundaries. We will also promote the concept of city development companies and encourage Employment and Skills Boards to be formed in core cities.

The government will encourage stronger leadership models, including directly elected executives and indirectly or directly elected mayors where such arrangements are supported locally. The Government believes in the principle that the greater the powers being devolved, the greater the premium on clear, transparent and accountable leadership.

The Department for Communities and Local Government, HM Treasury, and the Department of Trade and Industry will jointly report for the Comprehensive Spending Review on how the Government can best devolve powers and resources to regions and local authorities in cities and elsewhere to ensure there is clear accountability for decisions, stronger leadership, incentives to enable and support growth, reduced inequalities and effective governance arrangements.

The Department for Transport will propose a package of reforms for Passenger Transport Authorities and Executives to strengthen leadership and enable a more coherent approach to transport in our biggest cities. It will also devolve powers to local authorities to ensure that the bus services their communities need are delivered.

Local government as a strategic leader and place-shaper

Communities need strategic leadership to help bring together local partners to improve the services we receive and shape the places where we live. For example they need to consider how to develop vibrant town centres; to adapt to demographic changes; to assess and plan for the impact of climate change; and to build cohesive communities.

We will put in place a new framework for strategic leadership in local areas, bringing together local partners to focus on the needs of citizens and communities.

We will confirm the Local Strategic Partnership as the overarching strategic partnership for an area.

Local authorities are already under a duty to prepare a Sustainable Community Strategy which sets the strategic vision for an area. We will now require county and unitary authorities, in consultation with local partners, to prepare a delivery plan for the strategy – known as a Local Area Agreement.

The Local Area Agreement will set out a single set of priorities for local partners. We will therefore introduce a duty for local authorities and other local partners to work together to agree their priorities. Delivery of local priorities will be the responsibility of partners in key local partnerships like the Crime and Disorder Reduction Partnership, the children's trust and the new health and well-being partnerships. And, once agreed with Government, local partners will be required to have regard to these priorities for improvement.

We will simplify procedures to enable co-ordination of consultation on Sustainable Community Strategies, Local Area Agreements and Local Development Frameworks.

A new performance framework

The new role for local authorities as strategic leaders of their area demands a new way of managing performance between central and local government and its partners. If we are to continue to improve public services we need to give local authorities and their partners the freedom and powers to meet the needs of their communities and tackle complex cross-cutting issues like climate change, social exclusion and anti-social behaviour.

We propose a radical simplification of the performance framework. There will be around 35 priorities for each area, tailored to local needs through the Local Area Agreement.[2] Instead of the many hundreds of indicators currently required by central government there will be a single set of about 200 outcome based indicators covering all important national priorities like climate change, social exclusion and anti-social behaviour. This indicator set will include citizen satisfaction and perception measures; and citizens and communities everywhere will be able to examine performance against the indicators to know how well their local area is doing.

In addition we will put in place a new regime for dealing with monitoring, support, assessment and intervention, building on the success of Comprehensive Performance Assessment. The new regime – Comprehensive Area Assessment – will be a more proportionate risk-based regime which will cut bureaucracy and allow more targeted support or intervention when things go wrong.

2   Plus the Department for Education and Skills' statutory attainment and childcare targets

Efficiency – transforming local services

Significant progress has been made in improving local services but rising public expectations and the challenging financial climate require that councils continue to drive forward the transformation of local services, combining greater responsiveness with continuing improvements in efficiency. In order to deliver the transformed services and value for money that communities want, councils will have to challenge traditional methods of delivery, root out waste, keep all council activity under review and work with other public bodies to share assets, systems, data, skills and knowledge more effectively.

Ambitious efficiency gains will therefore be required as part of the 2007 Comprehensive Spending Review.

We will encourage greater service collaboration between councils and across all public bodies. We will encourage greater use of business process improvement techniques; and we will ensure greater contestability through the use of fair and open competition.

We will also help by providing three year funding settlements for local authorities which will provide greater stability and enable them to plan better.

Community cohesion

Britain is now a more diverse society – ethnically, racially and culturally. Diversity has brought enormous economic benefits, but change and migration also create challenges. We need to draw on the benefits that migration and diversity bring while addressing the potential problems and risks to community cohesion. Stronger local leadership, greater resident participation in decisions and an enhanced role for community groups can help all local areas to promote community cohesion.

We will work with local authorities facing particular community cohesion challenges; provide support for areas facing difficulties; help share best practice between authorities; and support the establishment of forums on extremism in parts of the country where they are necessary.

We will also encourage the Commission on Integration and Cohesion to produce more detailed plans on how to deliver a step change in promoting cohesion.

Volume Two

The second volume of this White Paper exemplifies how our proposals will apply to major local public service areas and cross-cutting issues.

Conclusion

This White Paper sets out a radical agenda for change. But it is firmly rooted in experience of what works. It puts in place systemic reforms that will help all local areas to rise to meet the standards of the best and the best to improve further. We cannot legislate for better services and better places. But we can put in place reforms to rebalance the central-local relationship; better enable local partners to work together; and give communities a bigger say in the things that matter to them.

Our reforms will empower citizens and communities; create stronger and more visible leadership; and put in place a new framework within which local authorities and their partners can work. That is the aim of this White Paper and we believe it will help all local areas tackle the challenges of the 21st century and achieve their full potential.

Introduction: strong and prosperous communities

Good public services are essential to strong and prosperous communities

1.1   The quality of public services makes a huge difference to our lives. We all want to be able to send our children to a good school; to live in a safe, attractive and environmentally sustainable neighbourhood; to be able to get high-quality health treatment when we need it; to enjoy good leisure facilities; and to be able to travel easily to work, to the nearby shopping centre or to see friends and family.

1.2   That's why since 1997 we have made improving public services one of our priorities – and one which local authorities and other public service providers have responded to. A huge amount has been achieved. Standards in schools have risen and there are far fewer failing schools. Waiting lists and times for hospital treatment have been reduced. Crime levels have fallen. There are thousands more police officers, doctors, teachers and nurses. Train and bus services are improving. Thousands of schools have been repaired or rebuilt. Scores of new hospitals are either open or under construction. Entry to museums is now free.

1.3   Central government has played its part in these improvements by providing record investment and pushing through reform on key national priorities. Local authorities, the health service, the police and other public agencies have worked hard within this national framework. But if we are to continue to improve, we now need to give local authorities and other local public services the freedom and powers to meet the needs of their communities and tackle complex cross-cutting issues like climate change, social exclusion, anti-social behaviour and improving standards for children in care.

1.4   This is the aim of this White Paper. Our proposals are the product of extensive consultation and debate. They bring together reforms for central and local government and other local public service providers. They look at the frameworks and systems within which we operate, the structures and incentives for partnership working and the interaction of local public services with citizens and communities. And they provide new powers for local leaders to promote stronger and more visible leadership. Above all, they build on what is already happening successfully on the ground.

1.5   We are rightly proud of our best local authorities. Since 1997 local government has made huge progress in terms of its performance and reputation. Local government has a larger number of skilful and dedicated leaders; it contains many high quality public servants; it has championed a renaissance in our towns and cities; and in many areas it is leading the public service in terms of partnership working, innovation and efficiency.

1.6   Our proposals are based on the experience of our best local authorities working with their local partners. One of the clear messages from our consultations was that local public service providers spend too much time meeting the demands of central government rather than those of their citizens and communities. This has sometimes held back innovation and prevented local authorities and their partners from responding to the different needs of different communities.

1.7   This White Paper aims to tackle this problem and make it easier for local public service providers to improve the services we receive and the places where we live. It recognises that after nearly ten years of investment and reform driven largely from the top, the next stage of public service reform has to be driven from below if improvements are to continue and local needs and aspirations are to be met.

The Government has asked Sir Michael Lyons to conduct an independent Inquiry into local government funding which will report to Ministers by the end of 2006. His report in May this year, *National prosperity, local choice and civic engagement: a new partnership between central and local government for the 21st century* stimulated a debate which has informed government thinking on place-shaping and what this means for devolution, engagement and accountability.

The three priorities for reform that Sir Michael identified in his report in May – greater clarity about the respective roles of central and local government, greater recognition of local government's role as a 'place-shaper' and co-ordinator of local services, and a recognition within local government of the need to improve its capability to do this job – are all key themes of this White Paper.

A new role for local government

1.8 Local government has improved over the last ten years, but at the same time public expectations have risen fast. People expect the choice and personal service they get in the private sector to be part and parcel of how public services function. As we have invested in our public services, it has also become clearer how people's needs vary according to where they live, their personal circumstances and, sometimes, their social, cultural and ethnic background. And high quality service provision is not just a matter for government – people themselves have their own ideas and contribution to make to improving public services.

1.9 So a key theme of this White Paper is the idea of reshaping public services around the citizens and communities who use them – consulting, involving and encouraging them to have a say about the sort of services they want. Individuals who use services on a personal basis, such as home care support, should be able to decide for themselves how to use the care budget allocated to them. And communities that rely on services such as street cleaning or community safety should be encouraged and enabled to have their say in setting priorities and influencing how to spend public funds.

1.10 This re-shaping of services to meet the different needs of different communities will only work, however, if local public service providers have the freedom and ability to adapt and change what they are doing. That means central government stepping back and allowing more freedom and flexibility at a local level.

1.11 The White Paper therefore proposes radical and devolutionary reform. Our main systemic reforms are described below but throughout our aim has been to leave as much as possible to local authorities and their partners. Local authorities in two-tier areas will be able to move to new unitary structures; we will remove the

Secretary of State's powers on bye-laws, all-out elections, single-member wards and establishing parish councils; and we will devolve most aspects of the conduct regime to local authorities.

1.12 We propose to legislate to embed the systemic reforms that devolution requires – but in implementing the new system we will aim to keep guidance to a minimum and to work with local authorities and their partners to support and spread best practice.

The importance of place: the role of partnerships

1.13 One of the principles in this White Paper is that rebalancing the key relationships – between central and local government; between local government and its partners; and between local government and citizens and communities – will not only result in better services and higher levels of public satisfaction, but will also help build stronger communities.

1.14 For 30 years or more, governments of different persuasions have acknowledged that many of society's most intractable problems can only be dealt with by agencies working together to tackle them at community level. Inner city partnerships, the Single Regeneration Budget, City Challenge and more recently the Neighbourhood Renewal initiative are just some of the schemes that have been applied.

1.15 It was local authorities themselves who first pioneered the idea of partnership working of this kind. And it is local authorities and their partners who have developed it to bring together the key public service providers and other partners to lead and shape a place for the benefit of local communities.

1.16 This White Paper builds on this thinking and experience. At its heart is the idea that we should be focusing on improving whole areas rather than just individual services. This means a greater emphasis on working together across service boundaries.

1.17 In addition to working across service boundaries, we are also encouraging local authorities to work across geographic boundaries, particularly on issues like economic development and environmental sustainability.

1.18 The economic reality of our towns, cities and rural areas frequently extends beyond the boundaries of individual local authority areas. It is only through collaboration across boundaries that places can realise their economic potential. In particular, we are supporting councils in our cities and city-regions who are already working together on issues such as skills, employment, housing, climate change, transport and economic development. We want to encourage similar thinking in all areas. Working within the framework of strong, strategic regions, we believe that local authorities will be better equipped to drive forward sustainable economic development if they work together. We believe in the principle that the greater the powers being devolved, the greater the premium on clear, transparent and accountable leadership.

1.19 There are several key elements set out in this White Paper to help partnerships work better. First, if local public services are to respond to the needs of different citizens and communities, they need to know what their citizens and communities think and they need to have more opportunity to influence their service providers.

1.20 Local communities are represented by their democratically elected councillors. We want to strengthen the ability of local councillors to speak up for their communities and demand an answer when things go wrong. We propose that this role should be exercised by individual councillors through a 'Community Call for Action' or collectively by councillors through the Overview and Scrutiny Committee. We also want to encourage local authorities to deal with petitions systematically. We believe that greater pressure from citizens and communities is essential not only to drive up service standards but also to encourage community cohesion. Healthy political parties at the local level also have an important role to play here.

1.21 It is also the responsibility of local public service providers to inform and consult their communities about what they are doing and, where appropriate, to devolve service delivery or management to them. We therefore propose to revise the best value duty to secure the participation of citizens and communities in the delivery of local public services. In addition we have established a review of the barriers to community management and ownership of assets. We believe more community involvement in owning and running local facilities can be good for community cohesion and for driving up service standards.

1.22 Secondly, we believe that if local authorities are to play a bigger role in the life of their communities they need to have strong and visible leadership. We therefore propose three types of local authority leader: a directly elected mayor, a directly elected executive and an indirectly elected leader with a four year mandate. All these forms of leadership will provide greater stability for local authorities. We also propose that all executive power be vested in the hands of the leader, with a strong role for the council to scrutinise the leader's actions and approve the budget and major plans.

1.23 Thirdly, we believe that local communities need stronger strategic leadership if they are to flourish in the 21st century. In the Local Government Act 2000 we gave local authorities a general power of well-being and tasked them with putting in place Sustainable Community Strategies. We now propose to build on this and to put Sustainable Community Strategies at the heart of what local authorities do through the new performance framework.

1.24 Under this new framework there will be a radical reduction in the amount of information that central government demands of its local partners. We will replace many different reporting regimes and hundreds of different indicators with a single set of about 200 national outcome indicators, covering everything from climate change to teenage pregnancy. All areas will report against these indicators so that citizens and communities everywhere know how well their local area is doing.

1.25 Local authorities will then prepare a Local Area Agreement – which will be reformed under these proposals – in consultation with citizens and communities, the private and third sectors and other local public service providers. The Local Area Agreement will set out around 35 priorities for improvement for an area and will need to be agreed with other public service providers and central government.[1] These priorities will be tailored to meet the needs of each individual area. In addition, local partners – together with the local authority – will be placed under a duty to work towards the targets they agree.

1   There will be around 35 targets for each area plus the statutory educational attainment and childcare targets

1.26 The Local Area Agreement is a vital part of ensuring that local partners work together towards meeting the same set of priorities. But on its own it is not enough if we are to establish a new balance between central and local government and other public service providers. We will therefore reform the inspection regime to put in place more proportionate and risk-based inspection. This will cut down on bureaucracy and allow more targeted support or intervention when things go wrong.

1.27 This new framework will promote a new sense of partnership between councils and other local public service providers and a more mature conversation between central and local government. It will provide the basis for local authorities and their partners to work across traditional service boundaries to meet the needs of local people. In county areas it will help counties and district councils to work better together. And we are working with local authorities on Multi-Area Agreements which cross existing administrative boundaries.

1.28 We believe the new framework will allow local authorities and their partners the flexibility to respond to the needs of the citizens and communities they serve. It will provide greater opportunity to:

- foster a sense of civic pride, build social and community cohesion and strengthen local democracy and civil society;

- deal with complex problems where local co-ordination is essential to tackle issues like climate change, childhood obesity, worklessness, child poverty or the problems of adults with chaotic life-styles;

- build for the future, both in terms of providing modern infrastructure and services, and also in terms of better leadership and partnership. We believe this is important everywhere, and particularly in our great cities where co-operation across administrative boundaries is essential if we are to deliver sustainable economic development;

- re-engineer services so that instead of being passed from one public agency to another an individual's problem can be dealt with in an integrated and joined-up way; and

- increase efficiency through agencies working more closely together.

Putting it all together

1.29 This White Paper is all about creating better services and better places. It is a straightforward yet demanding ambition. It requires action on a number of fronts. It needs:

- public agencies to continue to reform how they work so they can offer individuals and communities the choice and quality of service that modern consumers expect and demand;

- local authorities to rise to the challenge of working in partnership; to provide strong and visible leadership; and a sense of vision and civic pride for their local area;

- local citizens and communities to be empowered to hold public services and their local authority to account and to be able to influence the services in their area; and

- local partners to work together to tackle difficult cross-cutting issues like climate change, social exclusion, and anti-social behaviour that hold back the sustainable economic development of an area.

1.30 It is a radical agenda. But it is also rooted firmly in experience of what works. Innovative local authorities and their partners are already benefiting by working in this way. By engaging with local people and seeing them as partners, many local authorities are already achieving far-reaching and sustained improvements in the quality of local services and neighbourhoods.

1.31 This White Paper puts in place systemic reforms that will help all local areas rise to meet the standards of the best and the best to improve further. We can not legislate for better services and better places. But we can put in place reforms to rebalance the central-local relationship; better enable local partners to work together; and give communities a bigger say in the things that matter to them. Our reforms will empower citizens and communities; create stronger and more visible leadership; and put in place a new framework within which local authorities and their partners can work. That is the aim of this White Paper and we believe it will help all local areas tackle the challenges of the 21st century and achieve their full potential.

1

Wales

1.32 The *Better Governance for Wales* White Paper, published in June 2005, pledged that in future the Government would draft Parliamentary Bills in a way which gives the Assembly wider and more permissive powers to determine the detail of how policies should be implemented in Wales.

1.33 In line with this policy, we intend to ask Parliament to provide the National Assembly for Wales with Framework Powers which will grant the Assembly enhanced legislative competence over a number of matters within the field of local government. This will allow the Assembly Government to propose and implement measures appropriate to the situation in Wales.

1.34 The Assembly Government will be publishing a policy statement on the future of local government in Wales in due course. This will address the recommendations of the Beecham Review of Public Services in Wales and will precede the introduction of any measures.

Responsive services and empowered communities

<div style="text-align: right; font-size: 4em; color: #5a9b9b;">2</div>

Our ambition

2.1 The quality of public services has been improving. That is what surveys, reports from independent watchdogs and the Government's own data all show. But such is the pace of change that we cannot afford to be complacent. People increasingly expect the speed and range of service available in the high street, over the internet or on their TV to be mirrored in the public services they receive.

2.2 People want to be treated as individuals, and to receive a service that is tailored to their personal situation. An older person needing support at home or parents looking for childcare want a package of care that is just right for them. Someone needing social housing naturally wants to have a say in the type of home and neighbourhood they are going to live in. Children at school learn at different paces and may have particular learning needs. Or they may have special interests or skills which they want the school to help foster. Making public services personal is one of the big challenges of the early 21st century.

2.3 Many of the public services we use are not, of course, personal services in that way. When we drive on the roads, visit the local park, have our dustbins emptied or call the police we are making use of services provided for all citizens. They are universal services. But that does not mean that we do not want a say in how they are organised. We care deeply about our local communities, our environment, the quality of the places we live and basic issues like being free to enjoy our streets and homes in peace and safety.

2.4 This natural concern about places and services is a huge force for good. It is what motivates people to get involved in community activities and councillors to stand for election to represent their fellow citizens. Local authorities know that involving citizens and communities results in better decisions about how to provide services to meet the needs of different localities. They also know that when they deliver on basic issues like clean and safe streets then public satisfaction levels rise and people's pride in and commitment to where they live rises. Communities become stronger and more confident.

2.5 The best councils and local councillors already enable people to shape and choose those services they use on a personal basis. And they work closely with citizens and communities. We want this to be the normal pattern of working everywhere. People should be empowered and supported to control their lives, trusted to be consulted and, where they want to be, involved in running services used by the whole community. They should be informed about the quality of services in their area, and enabled to call local agencies to account if services fail to meet their needs or standards do not match what has been promised.

2.6 One of the guiding principles of this Government is that no-one should be disadvantaged by where they live. So local authorities and other local agencies must reach out to citizens who are disadvantaged, and support marginalised or socially excluded communities to have their say. They must ensure that services evolve to reflect their needs as well as those of more vocal citizens.

2.7 Our proposals in this chapter aim to support local government to deliver more responsive services, extend choice and control, give individuals and community groups a real say over services, and strengthen the role citizens and communities play in shaping the places they live. They include:

- **extending choice in local services** by enabling people to have more control of the services they use on an individual basis;

- **giving local people more say in running local services** by reforming the best value regime to ensure that local authorities and other best value authorities inform, consult, involve and devolve to local citizens and communities, where appropriate;[1]

- **encouraging authorities to provide local people with prompt information on the quality and performance of local services** so that they can judge how effective the public authorities for their area are;

- **giving people a new right to an answer when they put forward suggestions or demand action from their local authorities** by strengthening the role of local councillors through an expanded Community Call for Action and encouraging councils to provide them with small budgets to deal with local priorities;

- **empowering citizens and communities by:**

    - **encouraging the expansion of neighbourhood management;**

---

1   The authorities covered will be local authorities, combined fire and rescue authorities, joint waste disposal authorities, passenger transport authorities, the Greater London Authority, the London Development Agency, Transport for London, and the national park authorities

2

– **increasing the opportunities to take on the management and ownership of local assets and facilities;**

– **simplifying and extending the scope of tenant management;**

– **encouraging the use of local charters;**

– **encouraging local authorities to deal with petitions systematically;**

– **providing a new power of well-being for Quality Parish Councils;**

● **improving the development and co-ordination of support for citizens, community groups and local authorities.**

Extending choice for individuals and families

2.8 The simplest and most direct way to increase people's control is to give them more choice. The public want more choice over public services – particularly those who use services regularly, people from lower socio-economic groups and women.[2] Our aim is that, wherever practical, individual users should be offered a choice over what is provided and how it is provided. Working with local government, other public providers and users, we will promote greater choice in local services by a variety of means including:

● increasing choice for parents when organising childcare. Parents of three and four year olds can already choose whether to take their entitlement to free nursery education for their child in a school, playgroup or a day nursery. By 2010 the entitlement will rise from 12.5 hours to 15 hours per week;

● meeting our target for all local authorities to offer choice-based letting schemes to their tenants by 2010, and finding ways to extend the scheme to cover all social housing, shared ownership, low cost homes and private rented accommodation. Our long term aim is to widen the area from which people can choose housing so that it extends beyond the boundaries of their local authority, reflecting the fact that housing markets operate on a sub-regional or regional level; and

● considering the scope for expanding choice in the provision of social care, independent living, access to work, supported housing and community equipment services by expanding the scope of the existing direct payments schemes and piloting arrangements for individuals to have their own individual care budgets. We will also explore the options for making greater use of individual budgets so enabling people to have a much greater level of independence and control over their lives.

2   *Choice in Public Services*, Audit Commission, 2004

Giving local people more say in running local services

Innovative local authorities

2.9 Many local authorities are already seeking to extend the principle of choice and control into the arena of services provided for the whole community. For example Salford, Bradford, Newcastle and Sunderland are all experimenting with various forms of neighbourhood-based participatory budgeting.[3] This allows communities to come together to make decisions about how money should be allocated in their area depending on the community's priorities.

> ### Designing services with children and young people in Bradford
>
> Bradford Council worked with local Primary Care Trusts to develop a tailor-made service to meet the requirements of all looked after children. They provided children with good health advice which prepared them to take responsibility for their own health in adulthood.
>
> They created the 'Well Looked After' scheme after listening to young people about what they wanted. The young people played an important role in developing the scheme, even sitting on the staff recruitment panel.
>
> Each child and young person has his or her own dedicated nurse who is allocated to them and who keeps in touch with them, ensuring continuity of provision even if they move to a different part of the city.[4]

2.10 Other local authorities are using information technology to improve responsiveness to local people's needs. For example, the 'LoveLewisham' scheme allows residents to text or email pictures of problems like graffiti or fly-tipping to the council. The pictures appear on a website so the public can track what action is being taken. The London Borough of Newham is piloting 'Neighbourhood Fix-it', where people will be able to put virtual pins in online maps to report problems.

> ### One-Stop Shops – Libraries in Gateshead and Warwickshire
>
> Gateshead Council extended and refurbished two libraries in the city in 2001 to provide accommodation for area housing offices. Gateshead Library was the first library in the UK to serve as a 'one-stop shop' for both library and local authority services.
>
> A single service desk was created to ensure tha customers entering the building would report to one area where their query would be dealt with by a member of staff. The service was developed over time based on customer demand.
>
> This model has been rolled out to other libraries across the country. For instance, in Kenilworth, Warwickshire, the town's library was re-opened in September 2005 after major refurbishment as a 'one-stop shop' library. This incorporated all previous library services, as well as those previously provided by Wariwkch District Council's own 'one-stop shop', Kenilworth Connections.

3   For more information on participatory budgeting see www.particpatorybudgeting.org.uk. For an analysis of the benefits see Navarro, Z., 2005. "Decentralization, Participation and Social Control of Public Resources: 'Participatory Budgeting' in Porto Alegre (Brazil)", in Licha, I. (ed), *Citizens in charge: Managing local budgets in East Asia and Latin America*, Inter-American Development Bank, Washington

4   Source: *Municipal Journal Health Inequalities Award*

2

2.11 In rural areas people using local services often face different challenges. In Shropshire, for example, the Rural Pathfinder is running events to enable communities that have completed a parish plan to talk directly with the relevant service providers about the improvements they would like to see for their area.

2.12 Housing is a key area where, as the Audit Commission has found, services are "more effective, efficient and responsive" when tenants have a say in how they are organised and run.[5] The neighbourhood management pathfinders funded by the government have confirmed this.[6]

2.13 Initiatives from across the country reinforce the value of community participation. From the Slade Green project in Bexley, the Make a Difference work in Ipswich, to the Blackthorn partnership in Northampton, the lesson is clear. By providing simple and regular opportunities to discuss concerns and how these could be tackled, local people become more confident that their local authority and other providers are working to meet their needs.[7]

Making communities central to community safety – Slade Green, Bexley
The Slade Green area of Bexley was a deprived area and suffered from high rates of burglary, car crime, disorder, domestic violence, and race related crime. The Slade Green Community Safety Action Zone (CSAZ) was established to develop an ongoing dialogue between residents and statutory partners. Using a variety of engagement methods, the council and partners were able to focus on the issues that really mattered to local residents. A range of policy responses was implemented to tackle the issues that residents identified. Between September 2001 and June 2003 the CSAZ achieved a turnaround in the estate:

- car crime declined by 29%;
- disorder by 13%;
- vandalism by 20%;
- street crime by 25%; and
- fear of crime also dropped with the proportion of residents not feeling safe after dark dropping from 78% to just 7%.

Government action to encourage citizen and community empowerment

2.14 The drive for greater community empowerment has been strengthened by the government's *Together We Can* campaign,[8] and a wide range of policies promoted across government:

---

5   *Housing: improving services through resident involvement*, Audit Commission/Housing Corporation, 2004. See also the NAO report, *English Regions – Getting Citizens Involved: Community Participation in Neighbourhood Renewal*, 2004
6   *Neighbourhood Management – at the Turning Point.* Programme Review 2005-06, ODPM, 2006
7   Case studies, see www.togetherwecan.info
8   see www.togetherwecan.info

- introducing neighbourhood policing to ensure that local communities can influence how their area is policed. Neighbourhood policing teams should be active in every neighbourhood by 2008;

- developing the pilot Community Justice Centre in Liverpool to make the criminal justice system more responsive to local needs. This brings local criminal justice agencies together at a single accessible location and enables a judge based at the centre to have regular dialogue with local people;

- implementing the Healthy Communities Collaborative which brings residents and health practitioners together to identify good practice and deal with problems such as falls, diabetes and nutrition;

- providing support through the Every Action Counts initiative (previously Community Action 2020) to third sector organisations to contribute to sustainable development; and

- giving more local people a genuine say through Community Payback in the type of work undertaken by offenders and ensuring that work is visible to local communities.

Neighbourhood Policing

By April 2007 neighbourhood policing will be introduced to every community in England and Wales and by 2008 every area will have a dedicated neighbourhood policing team.[9] This means that by spring 2007 communities will already be seeing an increase in patrolling, have access to better local policing information, a say in local policing priorities and will see a greater focus on increasing public confidence and reassurance.

Once dedicated neighbourhood policing teams are established, communities can expect to benefit from accessible and visible neighbourhood policing teams led by police officers supported by Police Community Support Officers (PCSOs) and Special Constables. Depending on the needs and priorities of the neighbourhood, the teams may also include neighbourhood wardens, neighbourhood managers, housing managers, youth workers and voluntary and community organisations.

2.15 Despite these success stories, too many people still feel that they have little or no influence over the public bodies which affect their everyday lives and that they can play little part in local decision-making:

- 61% of citizens feel that they have no influence over decisions affecting their local areas;[10]

- only 42% of people are satisfied with the performance of their local council;[11]

---

9   The neighbourhood policing model is based on evidence provided by the National Reassurance Policing Programme (NRPP) which showed that crime and anti-social behaviour can be positively addressed by a Neighbourhood Policing approach and that public confidence in the police can also significantly increase

10   *2005 Citizenship Survey: active communities report,* DCLG, 2006

11   *User Satisfaction and Local Government Service Provision: A National Survey,* Communities and Local Government, 2006

- only around a third of the population vote in local elections, and of those who do not vote 41% claim that it is because they do not think it will make a difference;[12] and,

- residents in the most deprived areas have the highest level of alienation from the political system.[13]

2.16 Young people in particular often see other groups as making the decisions and holding the power, a feeling which is stronger in deprived areas, reflecting again a deeper sense of disengagement.[14] There are also new challenges for local authorities in carrying out their duties to promote disability and race equality, and in engaging and supporting citizens who are traditionally hard to reach.

Securing participation

2.17 In order to turn the good practice of local government and the various initiatives of central government into a system where local people in all parts of the country know what to expect in terms of their right to be involved and consulted, we will reform aspects of the best value regime. In doing this the last thing we want to do is to squeeze out local innovation or upset arrangements that are working well. So our proposals provide lots of room for local flexibility.

2.18 The current duty of best value requires local authorities and other best value authorities to make arrangements to secure continuous improvement in the exercise of their functions, having regard to efficiency, effectiveness and economy. Consultation with local people also forms part of the existing duty. Our new proposals will build on this approach, so that authorities will be required to take steps, where appropriate, to ensure the participation of local citizens in their activities. In doing this authorities will need to give consideration to engaging with hard to reach groups, such as disabled persons. Authorities will be required to take steps to ensure participation by other key bodies, such as voluntary and community groups and local businesses.

2.19 Authorities will want to adopt a range of different approaches, depending on their local circumstances. These would include steps to:

- inform citizens – providing good, accessible information on how to access services and on how local services are performing; through, for example, newsletters, information on websites, text messages, local media, or staff working in neighbourhoods;

---

12   NOP poll for the Electoral Commission (2002) (base 1281, of whom 652 respondents, or 67%, said they had not voted in local elections which had taken place in the preceding week)

13   *Election 2005 turnout: how many, who and why?,* Electoral Commission, 2005

14   *Young People in NDC area: Findings from 6 Case Studies,* Sheffield Hallam University, 2004

- consult citizens and communities – about the shape of local services and policies using, for example, surveys, focus groups or neighbourhood and parish plans;

- involve citizens directly in designing, delivering or assessing a service – for example by co-opting a group of young people to help manage a youth centre; and

- devolve responsibility for the delivery of a service – for example through community management and ownership of a local community hall.

2.20 It will be for the authorities working with their partners to decide how best to discharge this duty to inform, consult, involve and devolve, taking into account factors such as the cost effectiveness of engagement activities, the amount of discretion they have over the service, and the differing needs and requirements of the different communities within their area. In many cases best value authorities will want to work together in partnership to deliver this duty.

2.21 To support the development of, and promote the take up of techniques for greater service responsiveness and citizen empowerment, we will:

- issue one piece of best value statutory guidance on the new best value regime and commissioning. This will place citizens and users at the heart of service commissioning and will emphasise the need to involve the public in the design of local services, especially those who might otherwise be marginalised. We will also identify best practice in extending choice and involving citizens and users throughout the commissioning cycle. In particular we will work with local authorities and suppliers on how best to provide contractual incentives for both external and in-house providers to meet the expectations of users;

- work with local authorities to test different practical methods by which they can involve and empower local people to, for instance, help design the services the authority delivers. This will start in early 2007;

- encourage local authorities to have more systematic intelligence on local people's needs and views and work with the Audit Commission to ensure that, as part of new audit arrangements, assessment of local authorities' management and information systems gives due weight to citizen intelligence. We will promote best practice in the use of citizen intelligence and information management in collaboration with the National Consumer Council and the Local Government Association (LGA);

- re-launch the Connecting with Communities resource, which has been developed with the Improvement and Development Agency (IDeA), by the end of 2006. This will contain professional advice and case studies to help

local authorities improve their communication with residents and other stakeholders; and

- promote the spread of best practice by launching, in 2007, a new Beacons theme: *Empowering Citizens: Transforming Services.*

Providing better and more timely information on the quality of local services

2.22 Informing and involving local people will help to bring further improvements in local services. But service users – whether they use services individually or as a group – will want to judge for themselves the quality and effectiveness of what is provided in their area. And comparisons with other authorities and areas will help them do this. The current performance system for local authorities is focused too heavily on councils reporting to central government and not sufficiently on being accountable to local residents.[15] As explained in more detail in chapter six, there will still need to be national reporting arrangements for those services which are national priorities, but we want to see a much better balance in the system. So we will enhance accountability to local people by promoting simple and easy ways for people to get information about how their local authority and other service providers are performing by:

- supporting councils who are developing innovative new ways to communicate with their citizens, such as Portsmouth's Report Card (see box below), with funding from the Civic Pioneer Network's problem solving fund;

- publishing annually local authorities' performance against all their national outcome indicators, including a small set of indicators on citizen satisfaction and perspectives;

- working with local authorities to develop efficient ways to publish information faster and more frequently where this would help citizens and service providers make decisions which drive up performance;

- encouraging the Audit Commission, as part of its annual risk assessment and in inspections, to consider evidence such as citizen perspectives, including for the most vulnerable as well as a local authority's compliance with the new duty to secure participation; and

- encouraging local authorities as the leaders of Local Strategic Partnerships (LSPs) to provide local people with accessible and up-to-date information on progress against their Sustainable Community Strategy (SCS) and Local Area Agreement (LAA);

15 *Progress Report on Service Improvement in Local Government,* ODPM 2005

Portsmouth's Report Card

Portsmouth's LSP uses a local Report Card to provide information to local people and professionals performance. There are seven policy areas within the SCS where progress is measured. Within each area, achievements and improvements (for example GCSE results, residents' concerns about crime and teenage pregnancy) are quantified along with commentary on remaining challenges. Information about what is being done and suggestions as to how local people can help are also set out. The regular publication of these figures in the Report Card enables communities, council members and officers to identify priority issues and share responsibility for finding and implementing solutions.

Using information to improve performance : Citistat in Scotland[16]

Citistat in Scotland piloted a performance management system whereby operational data were collected, analysed and used by the leaders of the participating organisations to hold service directors to account. One of the key aspects of the system was that data were collected and reported with minimal delay. This enhanced accountability and ensured that any problems were identified and managed quickly. NHS Tayside Health Board used it to improve access and treatment services and the NHS Ayrshire and Arran Health Board focused on reducing delayed discharge from hospital. Evidence suggests performance has improved as a result of the new system.

Listening to and acting on local concerns

2.23 The more performance information is made available and relevant to local people the more likely it is that they will want action taken if services are not up to scratch. That is as it should be – it provides local authorities and other local agencies with an ongoing spur to improve. But when citizens come together to make proposals about how things could be done better, or to raise problems or issues that affect their quality of life, they need to be sure that they will be listened to. Many local authorities are good at listening to their citizens; sometimes however, people feel that their views are ignored.[17]

2.24 Communities have traditionally had two routes to raise an issue of concern. They can raise a petition; or seek help from their local councillors.

2.25 Petitions are one of the most popular forms of civic engagement. Many local authorities have developed ways of dealing with petitions systematically, so petitioners know that their voice has been listened to and taken into account. For example, the Royal Borough of Kingston upon Thames introduced e-petitioning to run alongside its paper petitioning process and provides an on-line mechanism for raising and signing petitions, posting information,

---

16   *Citistat in Scotland: What Do We Measure and Why?: An Evaluation of the Citistat Model of Performance Management and its Applicability to the Scottish Public Sector,* Research for Real, 2006

17   *Perceptions of Local Government in England: key findings from qualitative research,* Communities and Local Government, 2006

debating issues raised, and monitoring progress of the petition through the council. It has proven to be an effective tool for increasing citizen involvement in, and the transparency of, council decision-making. All local authorities should consider how they deal with petitions systematically as part of their wider policy for engaging with communities.

2.26 Where petitioners are unhappy with the response to their petition they will be able to ask their councillor to take the matter up as a Community Call for Action (CCfA) on their behalf.

2.27 Councillors have a key role to play in ensuring that local people's concerns are listened to by the appropriate authorities, whether they are raised formally or they become aware of them through their engagement with the community. However, they will need to be vigilant to ensure that the CCfA process is not abused.

2.28 Often councillors will be able to solve communities' problems themselves. Many authorities are developing new ways to support them in doing this. For example several authorities provide their councillors with a small budget to spend on projects in their local communities. This has proved effective as councillors, using their close links to their communities, can identify issues early and take action before they become major problems. As part of developing the CCfA we will expect local authorities to consider what powers or budgets it would be appropriate to devolve to their councillors to help them in solving minor problems.

Community Call for Action

2.29 The ability of councillors to solve problems for their residents can be further strengthened by developing the CCfA that is being introduced for crime and disorder issues through the Police and Justice Bill. We will now seek to provide a similar remedy to cover local government matters more generally, in other words those issues that local authorities are responsible for either alone or in partnership with others.[18]

2.30 Councillors will provide a key link between local people, community groups and public service providers through the CCfA. They will have a particularly important role in ensuring vulnerable people and those least able to speak out, children and young people for instance, are given the support to do so through this new mechanism; and that their views and needs are taken into account when others use it. They will also have an important role in ensuring that frivolous or vexatious complaints are not taken forward.

---

18   The exceptions will be those that are already subject to a statutory appeal process, for example planning, licensing, council tax and non-domestic rates

2.31 Of course, councillors will continue to resolve issues informally through discussions with the council executive, service providers or others (including, for example, with registered social landlords when dealing with anti-social behaviour). But knowing that they can, if necessary, invoke the CCfA, will strengthen their hand in such discussions.

2.32 Other than for crime and disorder matters (for which the Police and Justice Bill makes provision), the CCfA will work as follows:

- councillors will, from their correspondence and knowledge of their area and its people, identify issues which are of significant concern to the communities they represent. They may decide that the wider community interest justifies a Call for Action on a particular issue;

- as now, councillors will seek to resolve problems by talking informally to the local authority and service providers. Under CCfAs, we will however encourage local authorities to enable their councillors to do more than this. When councillors cannot negotiate a satisfactory solution, we would like them to be able to deal with relatively straightforward issues themselves. By using, for example, budgets delegated to them by the local authority; and

- as for crime and disorder matters, councillors will be able to refer issues to their overview and scrutiny committees. This will be particularly appropriate for the more intractable or strategic issues on which councillors will need to work with colleagues and take a broader view. Committees may choose to make recommendations to the executive and relevant service providers after, if necessary, conducting an investigation of their own. Relevant public bodies will be required to respond to the committee's recommendations; the enhanced powers for overview and scrutiny committees are described in more detail in chapter three. They can respond positively or negatively, but their responses will be publicised.

Vexatious complaints

2.33 The CCfA should not be seen as a charter for making mischief. We will expect local authorities and councillors to demonstrate leadership in dealing with issues raised by the public and where necessary to speak for those who cannot easily speak out for themselves. We will introduce legislative safeguards to ensure that councils and overview and scrutiny committees are not forced to waste time dealing with vexatious complaints, or to act in a way that would prejudice community cohesion.

2

2.34 The overview and scrutiny committee will need to act as a gatekeeper to ensure that the issues it deals with are of genuine interest to the community. Our aim is for the call for action to make a real difference. That will require thorough investigation of issues by the overview and scrutiny committee. Local committees will be able to set their own rules in the light of local circumstances to ensure that they concentrate their efforts where they can make a difference. They might, for example, wish to agree a limit on the number of calls for action individual councillors will bring to the committee.

Community Calls for Action
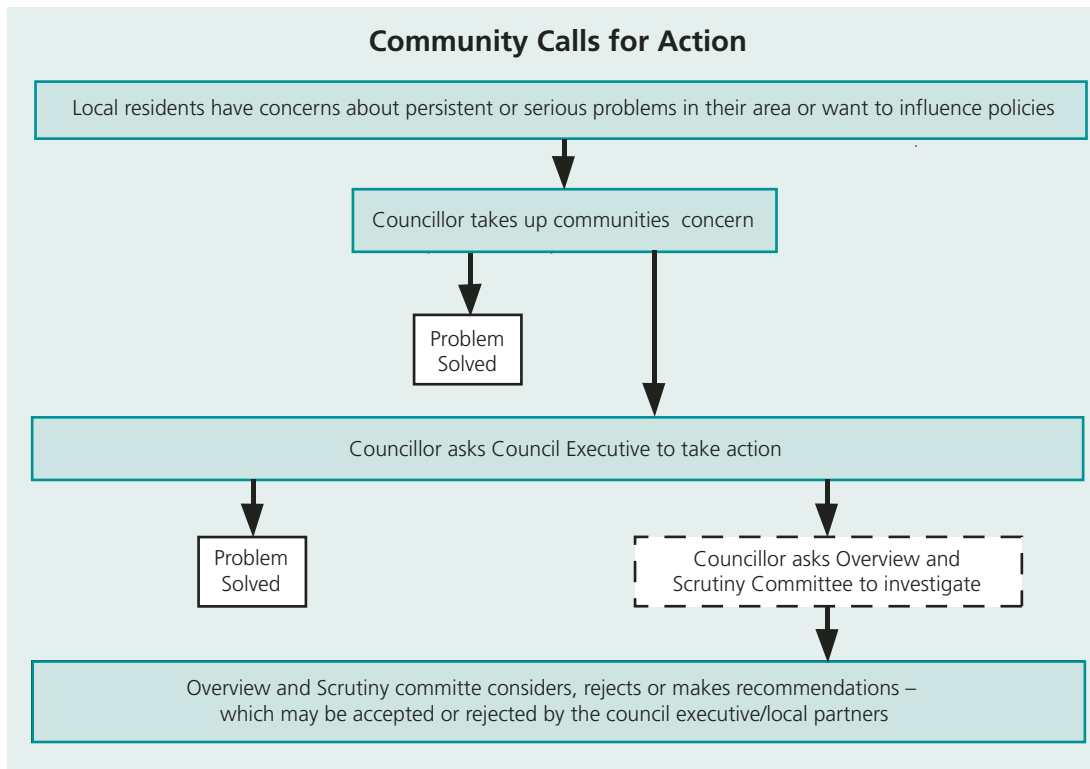
The Local Government Ombudsman

2.35 The Local Government Ombudsman provides citizens with the opportunity to seek redress when they have been the victim of maladministration by local authorities. We propose to modernise and clarify the role and working practices of the Ombudsman, to ensure they can operate effectively and continue to be accessible to all, by:

- clarifying that where authorities exercise their functions through joint arrangements and local partnerships, actions taken via such arrangements may be the subject of an investigation by the Ombudsman;

- allowing the Ombudsman to pursue an investigation where he or she finds there are flaws in an authority's administration, even where no injustice to an individual is found;

- providing for complaints to be made in ways other than in traditionally written form, for example by phone or e-mail; and

- enhancing the ability of the Local Government Ombudsman and the Parliamentary and Health Ombudsmen to work together more closely.

Empowering local people to manage neighbourhoods and own community facilities

2.36 Agitating for improvements to services or for local concerns to be addressed is important. Communities should be taken seriously. But, if they are given the opportunity, more and more residents are prepared to take on responsibility for running certain services or proactively helping to make their neighbourhood a better place to live. We want to encourage these developments.

Neighbourhood management

2.37 Neighbourhood management – particularly when working with neighbourhood policing teams – has been highly effective in improving services in deprived areas. In the areas where it operates, satisfaction levels with the police service, street cleaning and with the area as a place to live have all gone up.[19]

2.38 Through the Safer and Stronger Communities Fund we have supported locally-agreed packages of neighbourhood management in some of the most deprived neighbourhoods.

North Benwell neighbourhood management[20]

This initiative is a partnership between the Home Office, Newcastle City Council and Northumbria Police. Whilst it is funded primarily by Bridging NewcastleGateshead, a local Housing Market Renewal pathfinder, the partnership has matured to the point where Northumbria Police have committed mainstream financial resources to maintaining the dedicated police team.

The neighbourhood manager regularly consults local residents. They have been involved in lots of decision-making: empty properties, street cleaning and directing environmental improvements through 'Living Streets'. They have also met the council to discuss the way money is spent, targets are set and progress monitored. The results are impressive:

- crime has dropped in the first six months of 2006 by 45%, compared to the same period in 2003;
- local residents, the neighbourhood management office and registered social landlords have worked together to clear litter and rubbish as part of the annual 'Clean Sweep Week';
- empty homes have been reduced by almost 70% between December 2003 and October 2006; and
- dedicated help is given to newly arriving communities, coupled with wider community development to existing residents, to support a diverse and cohesive local community.

---

19   *Neighbourhood Management: An overview of the 2003 and 2006 Round 1 Pathfinder Household Surveys*, Communities and Local Government, 2006

20   Reported in, *Civic Pioneers: local people, local government, working together to make life better*, Civil Renewal Unit, 2005

2

2.39 To encourage further take-up of neighbourhood management in all areas we will:

- work with those local authorities pioneering the approach, to raise the profile of their achievements and promote their adoption elsewhere;

- encourage the use of neighbourhood management as part of New Deal for Communities and other community renewal programmes; and

- encourage local partnerships to consider neighbourhood management as a response to underperformance.

Community management and ownership of assets

2.40 Some communities will wish to go a step further in influencing community service delivery by taking over the management or ownership of a public asset such as a community centre, redundant school building, swimming pool or green space, to ensure that it is used in a way that best serves local interests.

2.41 Community groups can currently bid to take over the running of public services when these are competitively tendered, and they can apply for grant support from local authorities for services they wish to run. Community groups can also request that the management or ownership of an asset is devolved to them using the council's well-being powers.[21]

> ### Neighbourhood Services Partnership, Alt Valley, Liverpool
> The Neighbourhood Services Partnership (NSP) co-ordinates three community-based organisations active in the Croxteth area of Liverpool. These deliver arts and adult education, vocational training and work experience particularly for young people, and local employment initiatives.
>
> Since 1999, they have acquired four assets in order to accommodate a steady expansion in their activities. A redundant old people's home, which the council had planned to sell on the open market, was obtained on a 999-year full repairing lease as a base for adult education activities. A severely vandalised supermarket was purchased as a separate training base. Their most ambitious project is the purchase and conversion of a redundant church building as a base for further expansion of their training and work experience programmes, personal development programmes, and to nurture new micro-businesses. In 2005 they purchased a 30-acre farm to accommodate further expansion.
>
> The three organisations have created 136 full-time jobs, have a turnover of £3.35 million, and have become together a significant multi-purpose, wealth-creating anchor for one of Liverpool's most disadvantaged districts.

2.42 Managing or owning assets, particularly on the basis of a longer-term lease or through transfer of the freehold, can revive under-utilised assets and provide a foundation for other community action.[22]

---

21 Section 2(4) of Local Government Act 2000
22 See *Community Assets: the benefits and costs of community management and ownership*, Communities and Local Government (2006)

2.43 We are determined to ensure that existing powers and policies that support community management and ownership are effective; and that practical ways are found to overcome any remaining unnecessary barriers. We have therefore asked Barry Quirk, Chief Executive of the London Borough of Lewisham, to lead a review that will examine the effectiveness of existing powers and policies and consider how they might be better promoted, and also to consider what additional powers and policies would facilitate closer working between communities and local authorities in devolving responsibilities for local assets. The review will also consider any safeguards that would be necessary to prevent assets being taken over by unrepresentative groups who might not act in the interests of the local community. The review will conclude in spring 2007 and produce an action plan, setting out workable proposals for immediate action.

2.44 In the meantime, we will take immediate steps to make it easier for communities and community groups to take on the management or ownership of local authority assets by establishing a fund to give local authorities capital support in refurbishing buildings to facilitate their transfer to community management or ownership. In addition, new guidance to be issued to local authorities on asset management will demonstrate how the social benefit resulting from community management and ownership can be appropriately taken into account.

2.45 Communities who wish to take over management or ownership of a local asset will be able to use the Community Call for Action (CCfA) to ensure that their local authority considers their request seriously.

Tenant management

2.46 One of the most powerful areas for community management is social housing. Tenant management organisations (TMOs) allow residents living in social housing to come together to take direct control over their housing and housing-related services. Over 250 TMOs have been set up, managing 85,000 homes. Independent research has shown that in most cases, TMOs perform better than their host local authority and compare favourably with the top 25% of local authorities in terms of repairs, re-lets, rent collection and tenant satisfaction.[23]

2.47 We will build on this success and create more opportunities for tenants to get involved in the management of housing, community buildings and other neighbourhood environmental services. Through a review of the current Right to Manage and the procedures for setting up TMOs, we will:

- simplify the Right to Manage process, reducing the time it takes to set up a TMO;

23 *Tenants Managing: an Evaluation of Tenant Management Organisations in England* – ODPM Housing Research Summary No. 174, 2002

2

- encourage an easier route into tenant management, beginning with limited responsibilities rather than full management;

- provide more opportunities for residents to manage other housing related services such as caretaking or grounds maintenance in their own area;

- make it easier for existing successful TMOs to take on additional service responsibilities within their neighbourhood; and

- explore new opportunities for tenants of Registered Social Landlords (RSLs) to become more engaged in management decisions.

Castle Vale Housing Action Trust Partnership

Castle Vale was one of Birmingham's largest post war high rise estates, built to take the families displaced from the clearance of the inner city. In the late 1980s it suffered from high crime rates and unemployment, poor health, education, housing and environment and a lack of local facilities.

A 12 year regeneration programme, through a Housing Action Trust, turned around the fortunes of the estate. In the two years since the end of the programme, the estate continues to go from strength to strength with residents in the driving seat.

A Neighbourhood Management Board brings together the statutory agencies to co-ordinate activities on the estate with the priorities set by the elected resident members.

Residents are trained and supported to develop negotiation skills, decision making and confidence building to be able to effectively govern their neighbourhood organisations.

- unemployment is lower than that of Birmingham, with the unemployment rate in June 2004 at 5.4% compared to a Birmingham average of 8%
- it has been one of only two areas in Birmingham where residents' fear of crime has dropped
- the area has gone from suffering low demand to being one of the most popular neighbourhoods in the City
- educational attainment has increased significantly

Local charters for neighbourhoods

2.48 Local authorities have pioneered new approaches to improving participation in shaping policies, services and places. One such approach has been the development of local charters. Charters are used to set out the service standards and priorities for action which local people expect from the local authority, and sometimes a wider group of partners, as well as any obligations that the community has taken on itself. The charter is the outcome of a dialogue between the community, the local authority and its service providers, which is greatly enhanced where there is a process of neighbourhood or parish planning in operation.

2.49 Local charters have a significant association with town and parish councils where they have been developed jointly with the local authority and often provide a basis for discussion of service provision or other matters of particular interest to the

local community. Depending on local people's preference, it can provide a framework for a wide range of issues, such as community safety, or local actions to help tackle climate change.

2.50 In areas such as Bolton, Cheshire and Plymouth, agreements between the local authority and local people have led to an improved environment, enhanced community safety and higher satisfaction with the council.

> ### The Great Lever Charter
> In Bolton the neighbourhood management pathfinder has brought together residents and service providers to negotiate a "Safe and Clean Charter", covering the Great Lever area. The charter is signed by the chief executive of Bolton Borough Council and the chief superintendent of police. The charter sets out responsibilities, standards of service, and key contacts for residents. Since 2003 satisfaction with the area has risen by 16% and dissatisfaction with litter and rubbish has fallen by 18%.

2.51 Charters will typically take the form of a voluntary agreement between a local authority and a local community. They can be developed through a parish council, residents' association, or other neighbourhood body, and will cover:

- the information the community can expect to get about the decisions, policies and services that affect them;

- the standards and targets which apply to the neighbourhood, including any agreed variations from the norm for the local authority area as a whole;

- priority actions to be adopted by service providers, along with any commitments from the local community to assist the local authority and service providers and to take action itself; and

- options to take on wider responsibility for functions or facilities of direct interest to the community.

2.52 A charter may be an effective way of helping to meet the new duty to secure participation of citizens,[25] and was supported in the Respect Action Plan.[26] Local authorities will be free to decide their own policies about local charters, determining for example the extent to which day to day priorities for the delivery of particular services may be devolved to neighbourhood or parish level.

Community and parish councils

2.53 Parish councils are an established and valued form of neighbourhood democracy and management. They are not only important in rural areas but increasingly have

---

25   See for example *Charters for Town and Parish Councils and Principal Local Authorities: A Good Practice Guide*, LGIU, 2005
26   www.respect.gov.uk

a role to play in urban areas. We propose to build on the existing parish structure, so as to improve its capacity to deliver better services and represent the community's interests.

2.54 Parish councils already have powers to provide a variety of local services important to their communities. These include keeping their area clean, providing attractive public spaces and dealing with anti-social behaviour.[27] Local authorities can delegate additional functions and budgets to a parish council.

2.55 We intend to extend the power of well-being to all parish and town councils which satisfy criteria based on the Quality Parish scheme.

A parish or town council can currently apply for 'Quality Parish' status via a local accreditation panel.[28] The scheme is currently under review, with findings expected in spring 2007; but generally a Quality Parish Council:

- is representative of and actively engages all parts of its community, providing vision, identity and a sense of belonging;
- is effectively and properly managed;
- articulates the needs and wishes of its community;
- upholds high standards of conduct;
- is committed to working in partnership with principal local authorities and other public service agencies and voluntary groups; and
- delivers local services on behalf of principal local authorities where this represents the best deal for the local community.

2.56 At present parishes are created by Government and the Electoral Commission based on the recommendations of a review carried out by the local district or unitary council, or in response to a petition by local residents. We will simplify and speed up this process by devolving the power to create parishes to district and unitary authorities, allowing them to implement the recommendations of parish reviews and to respond to petitions from local communities. We will make it clear that there will be a presumption in favour of the setting up of parish councils so that local authorities will be expected to grant communities' requests to set up new parish councils, except where there are good reasons not to, and that existing parish councils are not to be abolished against the wishes of local people.

2.57 However, parishes are not the most appropriate form of community governance everywhere. We will broaden local authorities' review powers, so that in the course of a review they will also be able to consider whether other forms of community governance are more appropriate.

---

27   Additional powers were given to parishes by the Clean Neighbourhoods Act 2005 and the Sustainable Energy and Climate Change Act 2006

28   The Quality Parish local accreditation panel is established by the National Association of Local Councils (NALC) in agreement with the Local Government Association (LGA) and other stakeholders, and approved by Communities and Local Government and Defra

2.58 Uniquely, communities in London are denied the option to form parishes. We intend to give them the same rights to have a parish council as the rest of the country. As with all other parts of the country, local authorities will need to consider the impact on community cohesion when deciding whether to create a parish in London.

2.59 We also intend to offer parishes a wider range of alternative names. They are currently restricted to using either "parish", "town" or "city" council. We will extend the list of permissible names to include "community", "village" or "neighbourhood" as well. This step will help reduce confusion, particularly in urban areas, about links to ecclesiastical parishes.

> **_Tatworth and Forton Parish in South Somerset_**
> Residents of Tatworth and Forton decided that the poorly lit narrow brook side footpath was in need of good lighting. Aware of light pollution in the night sky and wider environmental concerns, they discovered a solar and wind powered light which uses a generator specifically designed for a wind turbine. Not only is the pathway well lit now, but also the lights are a very attractive feature, winning a Good Lighting Award in 2005.

Support for community groups to play a bigger role

2.60 Despite the range of new engagement opportunities generated by the proposals which have been set out, many citizens and community groups will need support to make the fullest use of them. The support currently available is not sufficiently co-ordinated or targeted to maximise their impact. To improve on this, we will invite partner organisations which have been working to deliver objectives set out in the the Government's _Together We Can_ strategy for civil renewal,[29] to collaborate on making their support more effective and accessible, especially for the most disadvantaged. We will develop a support network which will deliver the following to community groups and their statutory partners:

- better support for community capacity building: by encouraging public bodies who fund capacity building and service providers to work together to strengthen the ability of those least able to engage with public bodies at present. We will also ensure that the outcome of the Government's Review of the Future Role of the Third Sector in Social and Economic Regeneration strengthens the third sector's own ability to build community capacity;[30]

---

29   The Together We Can strategy was published in 2005, organisations involved in delivering its cross-government empowerment objectives include the Community Development Foundation, Improvement and Development Agency, Academy for Sustainable Communities, the regional Improvement Partnerships, and other national bodies

30   _Building on Firm Foundations, the government's framework for community capacity building_, Home Office, 2004

- greater awareness of how to make a difference: by systematically publicising to citizens and communities how they can make use of these new opportunities, including an expanded www.togetherwecan.info service by 2007 to provide a comprehensive guide to relevant advice, support, and case examples;

- increased skills and confidence to engage: by promoting the use of Take Part, the national framework for active learning for active citizenship to help more citizens, especially those who are disadvantaged, exert their influence over public bodies;[31]

- more joined-up advice on taking on governance responsibilities: by implementing the cross-government Citizen Governance Project to enable more citizens, particularly those from under-represented groups, to become community leaders, and co-ordinating support for people in the most deprived areas to help set service priorities.

> ### *Impact of community development in Blyth Valley*
> Following a period of high unemployment, poor conditions and the deaths of a number of young people through drug abuse, Blyth Valley council reshaped itself as 'a community based council'. They invested £1m out of their £10m budget in community development, drawing in complementary resources from other organisations and built up a 'hub and spoke' network of 25 community centres, with at least one in each ward. The aim was to increase the capacity of the community both to solve its own problems and to draw in extra resources. Between 1995 and 2005, the number of voluntary and community organisations doubled and Blyth changed from a low housing demand area with major social problems to an area with demand for new housing leading to investment by property companies, bringing further money into the area.

Conclusion

2.61 The proposals contained in this chapter reflect the government's view that public services are better, local people more satisfied and communities stronger if involvement, participation and empowerment are at the heart of public service delivery. Enabling people to choose what service they want and who provides it and enabling communities to run their village, estate or neighbourhood does pose challenges. But the experience of the local authorities that are already working in this way shows that it is worth the effort. Engaging with local people seriously and seeing them as partners provides the basis for making far-reaching and sustained improvements in the quality of local services and neighbourhoods. And it cannot but reinforce local democracy. The next chapter describes how we want to build on this foundation by making further changes to the way councils work so that they are better able to represent local citizens and provide leadership to localities.

31   This is being developed as a result of the Active Learning for Active Citizenship programme, see www.togetherwecan.info

Effective, accountable and responsive local government

3

Our ambition

3.1 Prosperous and cohesive communities need to be able to respond successfully to the demands of the modern world and meet the rising expectations of citizens. As the 25 European Union governments concluded when they discussed this challenge in Bristol last year (see box below), this means that localities need effective democratic governance with strong, accountable and responsive leadership.

3.2 The best local authorities understand this and play an important role in leading their communities, creating prosperity in our villages, towns, and cities and fostering local identity and civic pride. Our reforms since 1997 have helped local authorities and many of them have already taken on the wider place-shaping role advocated by Sir Michael Lyons in his interim report, using their power to promote economic, social and environmental well-being.

3.3 But the framework within which local authorities operate can still be a barrier to effective governance that provides the representation and leadership people have the right to expect. Too often the political parties are struggling to find enough good candidates to stand for election. Non-executive councillors feel unable to make a real difference. Local leaders have short mandates – frequently only one year – limiting their ability to take tough, but essential, decisions. Responsibility for decisions can be unclear and accountability mechanisms often remain weak, along with low levels of citizen participation.

3.4 In some places local representatives and leaders are highly effective in spite of these barriers. The best leaders will always shine through, recognising that strong leadership is a key driver of improvement in local government. But our ambition is to remove those barriers which can still get in the way of effective governance and create the conditions that promote the strong, accountable and responsive representation and leadership that all communities need.

> **Conclusions of Bristol Ministerial Informal Meeting on Sustainable Communities in Europe: UK Presidency: Bristol, 6-7 December 2005.**
>
> The 25 governments of the European Union identified the key elements of effective democratic governance as:
>
> - effective citizen participation (involving society, social partners and all levels of government) through both representative and appropriate forms of participatory democracy, designed to give communities power and influence over the decisions that affect them;
> - decisions and actions taken at the right level – be it the neighbourhood, local, regional, national or European level;
> - effective leadership of place: to create a vision of the place, gain the community's acceptance of that vision and work with partners to secure its successful delivery; and
> - high standards of conduct, skills and communications, in particular communication between different types of profession.

3.5 There is no one solution to these problems but we are proposing a number of changes to help all councils develop their capacity and effectiveness, including:

- **introducing measures to encourage more people to put themselves forward for election** so that over time the age, gender and ethnic composition of councils becomes more representative of the communities they serve;

- **supporting the role of non-executive councillors as democratic champions for their local areas**, able to speak out on local issues like planning and licensing, and have real influence over local services;

- **extending the powers of councils to pass local laws** to deal with local problems;

- **legislating for stronger, more accountable local leadership by offering local authorities a choice of three executive models** – a directly elected mayor, a directly elected executive, and an indirectly elected leader with a four year term **and by allowing authorities to adopt the mayoral model, following consultation with their communities, but without the need for a referendum**;

- **strengthening overview and scrutiny committees** to improve accountability, including enabling committees to review specific actions of public bodies (other than for crime and disorder matters where new scrutiny arrangements are already being introduced[1]) operating in the area, making them responsible for considering Community Calls for Action referred to them by councillors acting as advocates for their communities, and encouraging them to consider matters raised in petitions;

---

1   Under the new powers contained in the Police and Justice Bill overview and scrutiny committees will be able to scrutinise the work of local Crime and Disorder Reduction Partnerships and consider community safety issues referred to them through the community calls for action

- **giving all local authorities the freedom to opt for whole council elections and enabling those holding such elections to move to single member wards;**

- **establishing a new locally based conduct regime** with a streamlined Standards Board having a refocused role as a light touch regulator; and

- **creating opportunities for improved local governance in two-tier areas,** by giving councils **an opportunity to seek unitary status,** and assisting those continuing with two-tier arrangements **to adopt new improved two-tier models.**

Reforms since 1997

Since 1997, we have put in place a range of reforms, changing the relationship between central and local government and with local people and other local bodies, and providing conditions which support democratic governance:

- the Local Government Act 2000 radically overhauled decision-making and accountability in local government. Central to these reforms was the clear separation between executive councillors and the majority of council members.

- the executive councillors were given responsibility for taking the majority of the decisions that had previously been taken by committee. As a result, decision making was speeded up and it became clearer who was responsible for making which decisions.

- overview and scrutiny committees were created to scrutinise and make recommendations about executive decisions. Councils were also encouraged to use the committees as part of the policy development process – undertaking studies of local issues and making recommendations to the executive and others in the local area.

- this separation of executive and non-executive members of the council sought to address the criticism that councillors were more occupied by representing the council to the community than they were in representing the community to the council.

- to strengthen the trust citizens can have in their elected leaders and representatives the 2000 Act put in place a new standards regime centred on a national, independent Standards Board and standards committees in every council.

- the 2000 Act and other reforms also changed the relationship between councils and other public, private and voluntary bodies operating in their area and with local people. Local authorities were placed under a duty to develop a Community Strategy for the area with local citizens and with public and private sector partners. Councils were also given wide new powers to take actions to improve the economic, social and environmental well-being of places.

More diverse and representative councillors

3.6 If democratic representatives are to command the confidence of their communities then they need to reflect the diversity of their local communities. Groups that are under-represented are more likely to believe that their perspectives are overlooked and disengage from the democratic process. At present councillors are not representative of the population as a whole. In 2004, only 29% of councillors in England were women and 3.5% had a non-white ethnic background (compared to 8.4% of the population over 21 years old). And very few young people are councillors.[2]

3.7 Councillors are drawn from their communities and currently over 90% of councillors in England are representatives of the three main political parties. Healthy political parties are central to a modern democracy. Whilst ultimately it is their responsibility and that of independents to put forward candidates for election, it is also important to encourage a greater range of candidates to come forward, especially those of working age.

A healthy democracy needs healthy political parties

As Hayden Philips notes in his Interim Report, "parties are essential to democracy and there is no mature democracy anywhere in the world in which political parties do not play a vital role." But even in newer democracies, such as Poland, Hungary and the Czech Republic, where their histories had been punctuated by periods of dictatorship, political parties soon emerged. Parties are also strong in countries with deep traditions of direct democracy, such as Switzerland.

The functions performed by political parties are at the very core of the democratic process:

- identifying, nominating, and supporting candidates;
- encouraging turnout by identifying and encouraging potential voters;
- aggregating disparate political currents and views into manageable chunks of opinion;
- making democratic bodies, from Town Halls to Parliaments, 'work' by uniting individual representatives around common interests and policies;
- selecting political leaders, and helping future leaders to gain relevant skills and experience;
- bringing key issues to the public's attention.

Just as a healthy democracy needs healthy political parties, the vitality of our political parties depends on the contribution made by volunteers. Political parties, as voluntary organisations founded on shared values, involve people in democratic activity in ways which the state could never achieve. The volunteers who run our political parties are the standard bearers for our democracy, and we must recognise the contribution they make to the democratic process.

More generally, the Government is committed to promoting active citizenship and civic engagement at all levels. We recognise the need for a strategic, across-the-board approach to civic engagement, and our goal is to look across all policy areas to ensure that we provide and promote opportunities for individuals to work together to shape public life.

2   2004 Census of Councillors

3

3.8 In the run up to the local elections in London in May 2006 each of the three main political parties showed a willingness to be innovative in attracting a wider range of candidates:[3]

- In Ealing the local Conservative Group advertised for interested candidates in the local paper. They received a wide response from party supporters and were particularly successful in attracting a younger range of potential candidates;

- In Lambeth the Labour Party were aware following the local elections in 2002 that they had failed to attract a representative group of councillors especially from the large ethnic minority communities in the borough. They began a targeted campaign to encourage members from these communities to consider standing as council candidates. This involved a series of seminars and briefings with existing councillors and national experts over a two year period prior to the local elections in May 2006. The group became an effective support group for each other. In the 2006 elections the number of Labour candidates from ethnic minority communities increased from three to 12;

- In Islington the local Liberal Democrats adopted a deliberate policy of 'talent spotting' community activists from a range of backgrounds and encouraged them to stand for election. Rather than viewing each ward selection separately the Liberal Democrats viewed all local selections as building part of a wider team, in order to gain an effective and representative group of councillors.

3.9 We will support the efforts of the political parties by:

- establishing an independent review of the incentives and barriers to serving on councils. Councillors should be supported in their contributions and service to their community, not face disincentives to taking on the role. The review will look at a range of issues, including the extent to which finding it difficult to get time-off work discourages people from becoming councillors or serving in cabinets, the time commitments expected of councillors and cabinet members, and allowances;

- reminding prospective candidates that elected councillors have a legal right to ask their employers for time off work to fulfil their council duties; and

- encouraging the Local Government Association (LGA) and the political parties to work together to improve the recruitment of candidates from more diverse backgrounds.

---

3   Case studies taken from, Paul Wheeler, *Political recruitment: How local parties recruit councillors*, Joseph Rowntree Foundation 2006

Councillors as democratic champions

3.10 Local councillors are the bedrock of local democracy. They have a key role in ensuring local services are responsive to the needs of their constituents and enabling local people's voices to be heard. The 2000 Local Government Act introduced a new system of council leaders and cabinets. This is helping to secure stronger, clearer executive leadership. The best local councillors complement this stronger council executive by holding it to account and championing the interests of their area. But the role of the local councillor can sometimes be unclear. Many of them feel that they have no defined role in the council process.

3.11 We need to reaffirm the importance of councillors' role as democratic champions. As well as providing them with new powers through the Community Call for Action, we will strengthen their influence by working with the LGA, the Improvement and Development Agency (IDeA) and the Leadership Centre for Local Government and through regional improvement partnerships to promote:

- a clearly defined role for local councillors in championing the interests of their communities;

- greater diversity of councillors, making them more representative of their community; and

- capacity-building and support for councillors to take on their enhanced role.

3.12 In its *Closer to People and Places* campaign the LGA has identified roles (see box below) for councillors, and aims to ensure that all councils provide practical support to enable all councillors to act effectively in these roles.[4] We will build on this.

The LGA's Closer to People and Places Campaign

Our cities, counties and districts need high quality, committed council leaders. This means council leaders who are highly visible and accountable to their communities, and who have the powers, local discretion and willingness to take far-reaching decisions for their areas, working with Executive colleagues. Leaders who will:

- be the public face of the council;

- create and sustain local partnerships;

- develop both a long-term vision for the area and the financial and investment strategies to give effect to the vision, working with partners in the public, business, voluntary and community sectors;

---

4   *Closer to People and Places – a new vision for local government*, Local Government Association, 2006

- set policies and budgets that respond to people's needs and aspirations, and build towards the long-term vision for the area;

- lead and integrate working within their Cabinets, the LAA executive board and the Local Strategic Partnership;

- take the tough decisions on competing priorities;

- be visible and accountable to the public for progress against plans, and service and financial performance – and on behalf of the public, hold to account chief executives and service leaders for their performance;

- ensure proper support for all councillors in their scrutiny, frontline and local roles and ensure that the councillor's work is accessible to all.

Equally our communities need committed and skilled local councillors who can be the pivotal link between the council and local people and organisations. Councillors who will:

- be the recognised champions for the area, identifying and helping to resolve local concerns;

- act as community leaders who provide direction for their area, mediating between and helping to reconcile competing views and interests, encouraging and aiding people and communities to resolve local problems themselves;

- keep in touch with their constituents through regular surgeries and meetings, phone, e-mail and personal contact, to know and understand their views and concerns;

- foster effective relationships with public, private, voluntary and community organisations in their area;

- actively monitor the performance of local public services in their area, hold poor performers to account and contribute to plans to improve local services and the quality of life;

- speak freely as advocates for their area to influence council and other local decisions, including on planning and licensing, and act fairly and judiciously on decisions affecting other parts of the council's area.

Enacting community rules and byelaws

3.13 Communities and their representatives should be able to set and enforce the standards of behaviour and rules affecting their localities for themselves. One important, and often underrated, way that councillors can champion the concerns of local people and tackle problems in their area is by enacting byelaws.

This allows communities, through their elected councillors, to improve the quality of their environment and to create pleasant, safe local public spaces which can be enjoyed by all. At present the Secretary of State has a role in confirming byelaws. But byelaws deal with matters of specifically local interest.

Issues which may be addressed by bye laws include
- creating pleasant, safe public spaces by setting rules for certain areas about for example, skateboarding, riding on verges or climbing on bridges;
- allowing the safe enjoyment of the seashore or promenades by making rules about fishing or horse riding;
- maintaining standards of cleanliness in local markets.

3.14 We will therefore end the Secretary of State's role in confirming byelaws. In addition to the signal this gives to communities it will also reduce bureaucracy and shorten the time it takes to make byelaws. We will also make it possible for councils to enforce byelaws through fixed penalty notices instead of imposing fines through the magistrates' courts. This will increase the effectiveness of byelaws as a means of enforcing standards of behaviour in public.

Stronger leadership

3.15 Places need clear vision and strong leadership if they are to deal with constantly changing economic, social and cohesion challenges. Voluntary groups, faith groups, local businesses and other public agencies have an important part to play in the life of our towns and neighbourhoods but they all need to know who they can relate to in order to make their contribution.

3.16 A 2005 survey of councillors, officers, and stakeholders shows that there is strong support for the view that the arrangements introduced by the 2000 Act support visible and effective leadership:

- the role of leader was perceived to have become stronger (in the case of authorities with an elected mayor by 79% of respondents and in other cases by 69% of respondents);[5] and

- over half of councillors and nearly three-quarters of officers believe that under the new arrangements the executive has become more effective in articulating a vision for the area.[6]

---

5   *Councillors, Officers and Stakeholders in the New Council Constitutions: Findings from the 2005 ELG Sample Survey,* Communities and Local Government, 2006
6   ibid

3.17 However, many local authorities have adopted a cautious approach to change. Only 12 local authorities have introduced the strongest leadership model, an elected mayor. Four out of five councils have opted for the leader and cabinet model in which the executive consists of a leader appointed by the council, with up to nine other members appointed by the council or by the leader. Of these councils, only a relatively small number give the leader authority to act alone. Rather they act collectively with other cabinet members, whom the leader often does not have the power to select.[7] The remaining authorities have a reformed committee system without any executive.

3.18 Moreover, in most authorities leaders face election every year. This can make it hard to take and see through essential but difficult decisions that may in the short term be unpopular. It also brings uncertainty for senior management teams in pursuing and implementing longer term strategies. The Government believes that it is important that councils move towards having more stable and more visible political leadership. Our research shows that leadership is the single most significant driver of change and improvement in local authorities.[8] This reinforces the authoritative conclusions of the report on the State of the English Cities earlier this year:

> Local leadership is important…There is a great deal of evidence… that entrepreneurial local leadership is crucial in helping to find new economic futures for cities, their businesses and residents.[9]

3.19 We intend therefore to legislate so that in future there will be three models of executive arrangements:

- a directly elected mayor with a 4 year term
- a directly elected executive with a 4 year term
- an indirectly elected leader with a 4 year term

3.20 In each model:

- **all executive powers will be vested in the mayor or leader** who will have responsibility for deciding how these powers should be discharged – either by him or herself or delegated to members of cabinet individually or collectively;

7   ibid
8   *Long-term evaluation of the Best Value Regime: Final Report* (Executive Summary), Communities and Local Government, 2006.
9   Office of Deputy Prime Minister 2006 *Key Messages from the State of the English Cities Report: Urban Research Summary 21*, ODPM, 2006.

- the **mayor or leader will either be responsible for appointing cabinet members** or, in the case of the directly elected executive, will have agreed that they should be on his or her slate of candidates standing for election;

- the **mayor or leader will allocate portfolios to cabinet members**.

3.21 Under all circumstances the directly elected mayor or executive will have a fixed four year term.

3.22 For the indirectly elected leader, we will reform the practice of a council reselecting its leader every year. Our aim is to give the leadership of the authority greater stability. In future councils will therefore appoint their leader for a four year term. This model was recently put forward by the LGA in their *Closer to People and Places* Report.

3.23 At present most council constitutions contain provisions to remove a leader at any time by a simple majority vote of no confidence. It will continue to be for councils to decide, through their constitutions, under what circumstances the leader might be removed during the 4 year term. In addition where a council elects by halves or thirds the leader would stand down if their term as a councillor ends.

Directly Elected Mayor	Directly Elected Executive	Indirectly Elected Leader	
		Whole council elections	**Elections by halves or thirds**
Councillors elected by whole council elections every 4 years, or otherwise by halves or thirds.	Councillors elected by whole council elections every 4 years, or otherwise by halves or thirds	Councillors elected by whole council elections every 4 years.	Councillors elected by halves or thirds.
Direct election of Mayor every 4 years.	Direct election of a slate of the Leader and Executive every 4 years.	The council elects a Leader by simple majority for a 4 year term.	The council elects a leader by simple majority for a 4 year term but Leader would stand down if his/her term as a councillor ends.
		No confidence vote could end Leader's appointment	No confidence vote could end Leader's appointment
Cabinet of 2-9 appointed by Mayor from councillors.	Cabinet of 2-9, directly elected.	Cabinet of 2-9 appointed by Leader from councillors.	Cabinet of 2-9 appointed by Leader from councillors.

3.24 All 318 councils with leader and cabinet executives will therefore have to adopt new executive arrangements. The timetable for this is dependent on the timing of the legislation for implementation, which the Government intends to seek at the earliest opportunity.

3.25 Councils that already have a directly-elected mayoral model will be unaffected by these changes. The one exception will be Stoke-on-Trent, which is the only authority to operate the mayor and council manager model. We are simplifying the options for mayors and we will work with Stoke on transition to the new system.

3.26 We do not intend to change the arrangements in the small number of authorities that, because of their small size, operate a reformed committee system.

3.27 As the Government believes that direct elections provide the strongest and most visible local leadership, we will legislate to enable authorities to adopt either a directly elected mayor or directly elected executive without the need for a referendum. Local authorities will be expected to consult widely before deciding to adopt a directly elected model. Local people will still be able to demand a mayoral referendum through a petition.

3.28 Once an authority has opted for a directly elected mayor or executive the presumption will be that it should not move back to an indirectly elected model.

Strengthen overview and scrutiny

3.29 An essential part of the democratic process is holding to account those who are exercising executive leadership. This is all the more important as we move to enhance the powers of council leaders. The new system will require scrutiny arrangements that are even more effective.

3.30 There is evidence of improving accountability since overview and scrutiny arrangements were introduced in 2000. In 2003, just under half of portfolio holders in authorities' cabinets reported that changes had occurred "sometimes or occasionally as a result of the overview and scrutiny committee"; by 2005, this had increased to 60%. However, research shows that the perception is that while scrutiny committees are good at reviewing service outcomes and involving external stakeholders, they are weak at reconciling community opinion or providing a forum for community debate.[10]

---

10   *Councillors, Officers and Stakeholders in the New Council Constitutions: Findings from the 2005 ELG Sample Survey*, Communities and Local Government, 2006

3.31 Overview and scrutiny arrangements can also fail to engage councillors as the representatives of their areas. Only 12% of councillors, 9% of officials and 12% of stakeholders believe that non-executive councillors are more engaged under the new arrangements, despite an increase in the working hours spent by non-executive councillors on council business.[11] This has remained static since 2003.[12]

3.32 We intend to legislate to strengthen the role of overview and scrutiny committees to enable local authorities to carry out their place-shaping role. These changes will enhance the ability of councillors to champion the interests of local people across a wide range of local issues. Local authorities will need to exercise these powers responsibly by focusing on constructive challenge and consideration with a view to improving outcomes for people and communities.

3.33 Overview and scrutiny committees can currently carry out investigation into any issue of importance to the local area. Our proposals will allow committees to consider specific matters regarding the action of local public service providers and the actions of key public bodies operating in a local authority area. Under the new proposals set out in chapter two overview and scrutiny committees will be required to consider issues raised by councillors as Community Calls for Action.

3.34 Overview and scrutiny committees currently have the power to compel members of the council executive and council officers to appear before them and provide information. PCTs and certain other local NHS bodies are already under a duty to co-operate with overview and scrutiny. The police are accountable to police Authorities and there are new proposals in the Police and Justice Bill for strengthening the scrutiny of police and their community safety partners. But there is currently no general requirement on those outside the authority, who have been the subject of a committee's recommendation, to provide information to the committee. Nor can the committee take any further action if matters do not improve.

3.35 To ensure that elected members are in a stronger position to support citizens and communities in reasonably challenging policies and practices for their area, we will require:

- those public service providers (other than the police who will instead be subject to the new scrutiny arrangements set out in the Police and Justice Bill), covered by the duty to co-operate set out in chapter five either to appear before the committee or provide information to the committee within 20 working days (corresponding to the Freedom of Information Act deadline), insofar as their actions relate to functions or service delivery connected with the authority;

11   ibid
12   ibid

- overview and scrutiny committees to copy to public bodies recommendations affecting them;

- those bodies to have regard to those recommendations when exercising their functions, to the extent that the recommendations are within the duty to co-operate;

- the council to consider and publicise their response to overview and scrutiny recommendations as soon as possible and no later than two months.

3.36 Following the publication of this White Paper we will work with local authorities to develop new best practice guidance on overview and scrutiny. This will encourage local authorities to develop further the concept of scrutiny focused on particular areas, communities, or neighbourhoods. A number of authorities have already developed such arrangements, and we will encourage authorities to set up "area" overview and scrutiny committees, comprising local councillors and – making use of the existing powers to co-opt non-councillors onto committees – other members of the community. Such committees would be able to review the impact of actions of the council and other bodies on the immediate area.

3.37 At the level of the full council, we will also encourage authorities to focus overview and scrutiny on more strategic issues – the priorities agreed as part of Sustainable Community Strategies, Local Area Agreements and other key strategic plans. We will encourage greater use of overview and scrutiny committees in policy development, allowing local councillors to advise the executive and ensuring local perspectives influence decisions. We will also encourage all councils to dedicate appropriate resources to scrutiny, as best practice suggests that the key to successful overview and scrutiny is adequate resourcing and support.

Improving participation and electoral arrangements

3.38 Local government derives both its representative mandate and its leadership legitimacy from its democratic mandate. But local democracy has been the weaker and local government the poorer because of the low electoral turnout in many authorities.

3.39 Despite the aims of the changes in the 2000 Act, we have not seen big improvements in citizen participation in local decision making. Only 39% of respondents to the 2005 Citizenship survey agreed that they could influence decisions affecting their local area and less than a third of stakeholders surveyed believed it was easy to find out who had made specific decisions.[13]

13   *2005 Citizenship Survey; active communities topic report*, Communities and Local Government, 2006.
See also *User satisfaction and local government service provision: A national survey*, Communities and Local Government, 2006

3.40 Overall, turnout in local elections remains below 40%. Low turnout is also true for Mayoral elections. They have ranged from 18% in Mansfield in October 2002 to 42% in North Tyneside in May 2002. Mayoral elections held in May 2005 had turnouts ranging from 51-61%, but they were held on the same day as the general election.

3.41 Arguably, engagement with the electoral process is hampered by the confusion caused by the sheer number of local elections. 37% of councils have elections in three out of every four years. This is compounded by a perception that "voting by thirds" – where only a third of council members are up for election in any year – means that the elector cannot affect the overall control of the council. Voter turnout in shire districts which hold 'all out' elections is systematically higher compared to other authorities.[14] But all types of authority are experiencing long-term decline in turnout levels.[15]

In January 2004 the Electoral Commission made the following recommendations on electoral cycles:[16]

- The cycle of local and sub-national government elections in England should follow a clear and consistent pattern, within and across local authorities. Individual authorities should not be permitted to 'opt out' of this pattern, and any newly created authorities should also follow the same pattern;

- Each local authority in England should hold whole council elections, with all councillors elected simultaneously, once every four years;

- All local government electors in England should elect members of their district, metropolitan borough, London borough or unitary council simultaneously once every four years. Two years later in the mid-point of the electoral cycle, electors in areas with county councils, city-wide authorities or any future sub-national government should elect representatives to those bodies.

3.42 We accept the case made by the Electoral Commission that whole council elections could increase participation and bring clearer accountability. It was for these reasons that the Government said in January 2005 it was minded to move to whole council elections everywhere.

3.43 We also recognise that the pattern of local elections can reflect long held traditions and be a part of the culture of local public life. We therefore believe it would be contary to the devolutionary thrust of this White Paper to require everywhere to adopt whole council elections now. Instead we will enable councils to move to this system more easily by removing the requirement to get the Secretary of State's

---

14 *Turnout at Local Government Elections: Influences on levels of voter registration and electoral participation*, DETR, 2000

15 *New Council Constitutions: A summary of the ELG Research Findings*, Communities and Local Government, 2006

16 *The cycles of local government elections in England*, Electoral Commission, 2004

permission to move to whole council elections. This will be available to all councils, including metropolitan districts, which are currently required to elect by thirds.

3.44 At the same time, there have been calls for single member wards, where one member represents a particular area rather than the current position in many authorities where a number of elected representatives cover a particular place. This has benefits including providing a simple, strong link between the councillor and their electorate, and giving clarity of leadership to the area. However, we equally accept that there is no consensus on this and recognise that single member wards are not a sound electoral option when there are elections by thirds.

3.45 We will not *require* single member wards but will enable any council who holds whole council elections to request that the Electoral Commission undertakes a review for the purpose of re-warding the area with single member wards. The Commission will be required to have regard to such a request when planning its work programme, but questions about the timing of reviews and issues like the appropriate number of councillors will continue to be ultimately for the Commission to decide.

Localise and simplify the conduct regime

3.46 All democratic and public governance relies on high standards of probity. When conduct and behaviour are corrupt or improper it erodes confidence in the democratic system. The UK has a strong reputation for high standards in public life and it is important for the future well-being of local government that this is maintained.

3.47 The Graham Committee on Standards in Public Life reported in 2005 that the vast majority of councillors observe high standards of conduct.[17] It also concluded that such standards would be more likely to be guaranteed if decision making on conduct issues was devolved to the greatest extent possible to the local level.

3.48 Strong and accountable local leadership requires the highest standards of conduct. In December 2005, we consulted on proposals to promote these high standards in local government and to improve the conduct regime, including whether there was support for a more local system for investigating allegations of misconduct. Following this consultation, which showed broad support for the proposals, we will legislate to deliver:

- a more locally-based regime, with local standards committees making initial assessments of misconduct allegations and most investigations and decisions made at local level;

17   Recommendations of the Graham Committee on Standards in Public Life 2005

- a revised strategic regulatory role for the Standards Board to provide supervision, support and guidance for local authorities and ensure consistent standards.

3.49 We will also put in place a clearer, simpler and more proportionate code of conduct for local authority members and a new code for employees. Changes to the members' code will include amending the rules on personal and prejudicial interests to remove the current barriers to councillors speaking up for their constituents or for the public bodies on which they have been appointed to serve. So, for example, in future members of a planning or licensing committee will have more opportunities to represent their constituents on planning or licensing issues that affect their wards. Members will be able to speak and vote on such issues unless their interests in the matter are greater than those of most other people in the ward.

Opportunities to enhance effective two-tier local government

3.50 Where we live helps to provide a sense of belonging; it contributes to our sense of identity. Ideally local government structures and boundaries would reflect people's natural sense of place. But achieving this objective is not always easy – particularly in shire areas where economy of scale has in some cases led to services being organised over areas with little connection to recognised communities. The result is that in two-tier areas – where each place has a county council and a district council – local authorities face additional challenges. Strong leadership and clear accountability is harder to achieve where for the same place there are two council leaders each with a legitimate democratic mandate and often having different, sometimes conflicting agendas.

3.51 Two-tier Cumbria, for example, has seven council leaders and 62 other executive members for a population slightly smaller than unitary Sheffield which has one council leader and nine other executive members.[18] Of course, these areas are far from comparable in many respects and each faces their own challenges. But a structure with nearly 70 local leaders, some with overlapping mandates, at the very least makes considerable demands on all involved.

3.52 Many district boundaries reflect artificial communities with little significance for local people. This lack of community identity is reflected in the artificial names of some district councils. In other areas the boundary does not reflect the natural economic boundaries of a city or town, making it harder to plan for growth, and some district councils are too small to have the capacity to secure efficiency, drive change and provide strong leadership.[19]

18   From a total of 371 councillors within Cumbria and 84 councillors within Sheffield
19   *Independent Review of the case for Unitary Status*, Inlogov (University of Birmingham), 2006

3.53 Many local authorities are already working to improve the quality of the services in two-tier areas, building strong and sustained partnerships between the councils in a county area. For example, Staffordshire Connects is a partnership of ten local authorities at county, district and unitary level working together to deliver common Customer Relationship Management and shared e-payments systems.

3.54 We believe there is potential to go further. Councils in all areas that are currently two-tier need to find new governance arrangements which overcome the risks of confusion, duplication and inefficiency between tiers and can meet the particular challenges faced by small districts with small budgets or tightly constrained boundaries. It will also be important for councils to develop new models of working, which should also involve collaboration between councils and other public bodies, if they are to achieve ambitious further efficiency improvements.

Opportunities to create unitary local government

3.55 In some county areas there is a widely held view that moving to unitary structures would be the best way of overcoming the risks and challenges of two-tier arrangements. Such a move would improve accountability and leadership, increase efficiency, and improve outcomes for local people. We are, therefore, now inviting local authorities in shire areas to make proposals for unitary local government that:

- enhance strategic leadership, neighbourhood empowerment, value for money and equity;

- command a broad cross-section of support; and

- are affordable, representing value for money and meeting any costs of change from councils' existing resources.

3.56 Proposals will also need to reflect the diverse communities which may be found in the area of a proposed unitary, ranging, for example, from small villages, through market towns, to a major urban centre with its own neighbourhoods. Proposals will need to show the contribution that councillors, town, parish and community councils, and community forums can make to representing, leading and empowering local communities within the unitary's area.

3.57 More information can be found in the Invitation accompanying this White Paper, including full details of the criteria, how to submit proposals and how the Government intends to handle the small number of proposals conforming with the criteria which it expects to receive.[20]

---

20   *Invitations to councils in England to make proposals for future unitary structures & to pioneer as pathfinders new two tier models;* Communities and Local Government, 2006

3.58 We would welcome proposals for unitary local government by 25 January 2007. We will then assess the proposals against the criteria set out in the Invitation. Following these proposals, and depending on their number and quality, we hope to announce preliminary decisions by the end of March 2007, consult with stakeholders and make our final decisions by early July 2007.

New models of two-tier working

3.59 In two-tier areas where there is not to be a move to unitary structures as a result of the invitation process, it will be essential for councils to secure more effective working arrangements between the county, district and community level in order to deliver improved accountability and leadership, increased efficiency, and improved outcomes. We expect all such councils to achieve similar levels of improvement and efficiency gains to those we are expecting of the new unitaries.

3.60 Changes to service delivery within a two-tier area will need to be matched by effective arrangements for accountability and democratic decision-making. For example, one innovative model of governance might be the creation within a county area of a common group of employees or a single cadre of councillors.

3.61 Local authorities already have extensive powers to enable them to work together and deliver services jointly.[21] But at present they are prevented from adopting new and innovative governance and accountability arrangements. We will explore how we can remove the barriers to innovative governance arrangements in two-tier areas.

3.62 The goal for continuing two-tier areas is to achieve:

- unified service delivery models, with service users having no need to understand whether the county, district, or other service provider is responsible;

- stronger leadership for place shaping;

- shared back-office functions and integrated service delivery mechanisms.

3.63 This might involve significant change. Accordingly, we would like county areas in which all the councils are committed to developing a radically improved two-tier approach to come forward to be pathfinders, pioneering innovative governance arrangements that:

---

21   For example, section 101 of the Local Government Act 1972 provides that an authority may make arrangements for another authority to discharge its functions

- enhance strategic leadership, neighbourhood empowerment, value for money and equity;

- command a broad cross-section of support; and

- are affordable, representing value for money and meeting any costs of change from councils' existing resources.

3.64 The invitation that accompanies this White Paper gives further details of the pathfinder process.[22]

3.65 Two-tier pathfinders will be subject to independent long-term evaluation. The evaluation will look at:

- the processes of changing to the various new governance models – for example, assessing how straightforward or costly these are; and

- the outcomes that the new models are delivering, particularly the improvements that are being achieved to remove the inefficiencies and confusions of the traditional two-tier model and to deliver the aims for unified service delivery and leadership for place shaping.

We expect such evaluation to report at intervals – say after 2, 4 and 6 years – over the whole period of change until the new models are fully bedded in.

3.66 These evaluations will help inform the development of two-tier arrangements across those areas that have not adopted unitary structures. To benchmark these new arrangements, we will similarly evaluate the new unitary structures.

Conclusion

3.67 More effective councillors as community champions, stronger leaders, clearer accountability, more effective scrutiny and structures that are more fit for purpose will all help to strengthen local government and enable councils to better represent and serve local people. These proposals will also provide the basis for our city regions to address the additional problems and challenges they face – issues which are addressed in the next chapter.

22 *Invitations to councils in England to make proposals for future unitary structures and to pioneer as pathfinders new two tier models*; Communities and Local Government, 2006

Strong cities, strategic regions

Our ambition

4.1   For much of the last century, sweeping economic change put enormous strain on our cities. England, the first industrial nation, was hit particularly hard. Jobs and people left our cities, and the economic and social structures left behind struggled to cope. Governments of all persuasions recognised the problem and from the mid-1970s onwards a succession of policies were targeted at neighbourhoods and cities to help them restructure their economies and revitalise derelict places.

4.2   Despite these policy innovations, problems continued. For example, in Liverpool between 1981 and 1991 the population fell by eight percent and there was a nine percent reduction in employment in inner Liverpool. For too long, urban regeneration was something that was done to local government rather than with it. What we learned from the limited success during this period is that urban policies – however well designed or executed – will only work if they are allied with successful and sustainable national economic management on the one hand and strong confident local leadership on the other.

4.3   Since 1997, our cities have begun to see a renaissance as charted so powerfully by the State of the English Cities report.[1] The cities have been able to build on the benefits of having a growing economy for 56 consecutive quarters and the stability of low, long-term interest rates, low unemployment and high and growing employment in every region. The cities have also gained from the work of Regional Development Agencies (RDAs) set up to ensure that all regions gain from full employment, improved competitiveness and long-term prosperity.

4.4   The result has been that six out of the eight core cities have shown economic growth above the national average.[2] London is a successful global city with its own city governance restored and will host the Olympic games in 2012. Population decline has been slowed, and then reversed – first in London, and then in most of the core cities as well. Residential integration by ethnic group has improved.[3]

---

1   *The State of the English Cities Report*, ODPM, 2006
2   The eight core cities are Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield
3   *The State of the English Cities Report*, ODPM, 2006

4.5 But there is still much to do. Our cities have turned the corner but, with the exception of London, are not yet really competitive by international standards. Globalisation – the increasing movement of people, money and ideas across borders – has repositioned cities as drivers of national economies. Skilled labour and knowledge-intensive businesses are becoming as mobile as flows of capital. Places have to compete as businesses tend to locate in cities where they can benefit from clustering together with centres of research excellence, other knowledge-intensive and innovative companies and from access to the diverse labour markets. This is also key to much of modern manufacturing.

4.6 And there are challenges where cities have higher rates of worklessness, deprivation and poverty – for example, the employment rates of the biggest cities in England still fall some way below the national average.

4.7 So if we are to compete as a nation we must have cities that can hold their own on the global stage. Much of this will come down to the dynamism of the private sector. But research shows that the quality of government – national, regional and local – also matters a lot.[4] It determines the economic policies, the public services, the skills base and the infrastructure that allows cities to maximise their potential and make the most of their assets.

4.8 Leadership matters too. City leadership is crucial in developing economic strategies that reflect the reality of the economic challenge and the assets to be deployed in each of our cities. Many of these challenges cut across local authority areas and some key decisions may be better made on a city-region basis.

4.9 The Government has been engaged in a dialogue with the core cities and our other key urban areas about these issues, through city summits and the cities' business cases. But our agenda goes well beyond them. The issues may be different but smaller cities and larger towns can also be engines of growth, especially where geographical neighbours work together and recognise their interdependence with each other and with the larger cities. The regional dimension is also crucial. It is not a question of having to choose between strong cities and strong regions. Strong cities make stronger regions and strong cities need strong regions.

4.10 In order to support our towns, cities and other places to drive regional and national economic growth the Government will:

- **continue discussions with our towns and cities and use the joint review of sub-national economic development being carried forward by the Department for Communities and Local Government, HM Treasury, and**

---

4   *Competitive Cities in the Global Economy – Horizontal Synthesis Report*, OECD, 2006

4

the Department of Trade and Industry to establish how the Government can best devolve powers and resources to regions and local authorities in cities and elsewhere to ensure there is clear accountability for decisions; stronger leadership and incentives to enable and support growth; reduced inequalities; and effective governance arrangements. The review will report for the Comprehensive Spending Review and will address

– What existing sub-national delivery arrangements have contributed effectively to the Government's regional economic performance and regeneration goals?

– What is the most appropriate level to locate responsibility for intervention for the different policy areas which impact on economic development, regeneration and neighbourhood renewal?

– What opportunities are there to reduce overlap and improve co-ordination between national, pan-regional, regional, sub-regional and local agencies, both in terms of strategy and delivery?

– What are the institutional barriers currently hindering more effective co-ordination of policy-decisions and service delivery in the regions and how might these be overcome?

– What other changes may be need to improve the effectiveness of sub-national policy delivery?

- **reform Passenger Transport Authorities and Executives**, to enable a more coherent approach to transport to be taken in our major cities. This will include more powerful local authority representation on the authorities in keeping with the principle that greater powers require stronger and clearer leadership;

- **work closely with local authorities that are developing Multi-Area Agreements** to facilitate greater cross-boundary collaboration, particularly on key economic development issues;

- **consult on** draft guidance to promote **city development companies**; and

- **encourage stronger leadership models,** including directly elected executives, indirectly or directly elected mayors, where such arrangements are supported locally, as the Government believes in the principle that **the greater the powers being devolved, the greater the premium on clear, accountable and transparent leadership.**

Why cities are important

4.11 Cities matter for regional and national economic performance. In a wide range of countries, cities and especially bigger cities usually mean higher productivity and higher per capita incomes. Indeed in this country, city-regions have generally led regional growth in the last decade. While the economic performance of cities may be mixed, overall it is city-regions that have delivered the greatest increases in productivity and Gross Value Added (GVA) – a key measure of economic activity – between 1995 and 2001.[5] Over 45 per cent of regional GVA on average is created in the city-regions of the core cities in each region and they play an even more important role in some of the Midlands and Northern regions (see chart below).[6]

Share of regional population and GVA in Core cities – city region

4.12 The growth of the knowledge economy will increase the importance of cities and wider city-region economies still further as globalisation shifts England's comparative advantage towards high value, knowledge intensive sectors, which tend to locate in cities. The location of these sectors in cities tends to happen because firms can benefit from both the knowledge transfer that happens due to proximity with other innovative businesses and institutions such as universities, and the increased access to diverse labour markets. As global economic trends are pushing towards greater concentration of economic activity within city-regions, "raising the economic performance of our cities is crucial to closing the productivity gap with

5   *The State of the English Cities* Report, ODPM, 2006
6   These estimates of city-regions GVA are based on city-region definitions prepared for the department by Brian Robson of the University of Manchester

4

other countries and in providing cities with the platform of stability and flexibility to respond to the opportunities and challenges of globalisation."[7]

4.13 In a global economy, the wealth created by cities is increasingly achieved through competition with other cities in other countries. Manchester, Liverpool and Leeds are competing with Cologne, Lisbon and Milan for investment and skilled labour, and winning this investment is essential to bring prosperity and opportunity to the region. Of the English cities, only London is in the top 40 European cities for productivity. And even in the capital there is more to do in ensuring that Londoners benefit, particularly in terms of employment, from economic dynamism. Our cities must, therefore, become even more attractive as places for business and investment. In a mobile, high skill economy, this depends on offering a wide range of high quality services – skills and training, housing and transport, attractive and safe places to live and spend leisure time.

4.14 Cities are important to regional and national economic performance not just because of the economic activity that takes place within the city, but because of the economic links between a city and its surrounding area. The 'economic footprint' of a city – the area over which its economic markets operate – reaches beyond the core local authority's administrative boundaries or even the wider metropolitan area.[8] The Work Foundation's recent report *Enabling Cities in the Knowledge Economy* observes that cities offer both productivity benefits and access for individuals and businesses to 'a rich variety of goods, services, cultural facilities and social opportunities.'[9]

4.15 Small and medium cities, towns and rural areas also make an important contribution. At their best, they provide economic and social distinctiveness, an attractive environment to support businesses and communities, and a diverse choice of places for people to live and work in. Successful major cities can increase the opportunities for prosperity across a region, but the benefits cannot be taken for granted. Smaller communities can strengthen their position by finding an economic role that complements the role of the larger cities and makes the most of their own distinctive qualities. The governance, accountability and other linkages between the city and the region need to be carefully designed so that all benefit.

4.16 There is, therefore, no choice between strong cities and strong regions. In this country, as is the case around the world, strong cities are central to increasing prosperity and wealth for individuals and communities. And we need strategic regions to ensure that the links between our major cities and other towns and areas are made and so that local economies and communities outside cities can

---

7   *Meeting the regional economic challenge The importance of cities to regional growth*, HMT, 2006
8   *Meeting the regional economic challenge The importance of cities to regional growth*, HMT, 2006
9   *Enabling Cities in the Knowledge Economy*, Communities and Local Government, 2006

benefit from increased economic growth. City-regions have often led regional growth over the last decade but they need to work ever harder to tackle issues including high concentrations of social exclusion and poverty to the benefit of all.

4.17 Each core city, working with their city-region and regional partners such as RDAs, has set out a business case. This has been used as the basis for discussions with the Government on what can be done by all partners to improve the economic and social performance of the core cities and their surrounding city-regions. Equally, during the last year, the Government has been working closely with small and medium cities and larger towns in England, to help them achieve their potential in terms of economic performance and social inclusion.

4.18 Following further discussion with our towns and cities the Government will respond fully to these business cases and the issues that have been brought forward through the review of sub-national economic development and regeneration that is under way as part of the Comprehensive Spending Review.

4.19 The Government's Urban White Paper (2000) also identified a range of measures to foster and support an urban renaissance. We will publish shortly a progress report setting out what has been done regarding those measures and a response to the *State of the English Cities Report*. A 'State of the English Cities' database will be available on our website, which will include indicators of the progress our cities are making.

Towns, cities and other places

Economic development is important everywhere. Existing administrative arrangements and political structures mean that different solutions will be suitable for different places – but this should not disadvantage any part of the country.

City-regions: such as those surrounding Manchester, Birmingham and the other core cities have identified a need to co-ordinate activity across local authority boundaries in order to compete more effectively in the global economy.

Medium-sized cities and their surrounding areas: such as the Partnership for Urban South Hampshire and Regional Cities East have identified advantages from working in partnership.

Other medium-sized cities: such as Oxford, Norwich and Milton Keynes exert a large influence on their immediately surrounding areas and are working in partnership with them and nearby city-regions.

Other towns and cities: like Chester and Derby may have their own distinctive economic strategies, but recognise the importance of working closely with neighbouring city-regions.

Rural areas: such as those involved in the Humber Rural Pathfinder or the Cornwall and the Isles of Scilly Rural Economic Strategy are exploiting the benefits of working together to develop new approaches and drive sustainable economic development in their areas.

All of these partnerships need to work in the context of the region and the various regional strategies, such as the Regional Economic Strategy, the Regional Housing and Planning Strategies and Regional Skills Partnerships.

Our approach since 1997

Framework for regional policy

4.20 The Government's strategy for strengthening regional economic performance has two broad strands: maintaining macroeconomic stability to help businesses and individuals plan for the future; and implementing microeconomic reforms to remove the barriers that prevent markets from functioning efficiently and flexibly. This is underpinned by the decision to make the Bank of England independent and the introduction of prudent fiscal rules to ensure sound public finances and to make fiscal policy decisions more transparent and open. It is further supported and strengthened by reforms to address the five drivers of productivity (skills, investment, innovation, enterprise and competition), and to encourage people into work by making work pay.

4.21 Against this background the framework for regional policy has followed two principles:

- enabling leadership so that national, regional and local institutions can exploit indigenous strengths and tackle the particular challenges for each place; and

- providing the environment for businesses and communities to maximise their potential by tackling market failures in national, regional and local markets through targeted reforms to strengthen the key drivers of productivity, growth and employment.

4.22 We know that there are disparities both between and within regions in skills, employment levels, business start-ups, levels of research and development, business investment and availability of venture capital. Where the market failures that underlie these disparities are primarily regional and local, the policy response should be designed and delivered regionally or locally. Such responses need to maximise the synergies between all geographical levels by combining actions at national, regional and local levels. Our regional approach to economic development was set out in the Regional Economic Performance PSA to 'Make sustainable improvements in the economic performance of all English regions by 2008 and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006' (the REP PSA). Further devolution needs to encourage and reinforce this co-ordination and collaboration and so ensure maximum impact by better aligning decision making with real economic geographies such as city-regions.

4.23 In England, the RDAs were established in 1999 to act as the strategic leaders for economic development and growth in the English regions. The introduction of a single pot for the RDAs reinforced the Government's commitment to devolving decision-making, providing a single stream of funding from which the RDAs

themselves can tailor solutions to the specific challenges and opportunities in their region. In 2000, the government created the Greater London Authority (GLA) to which it devolved responsibility for economic development, regeneration, planning, housing and transport. On 13 July this year Government went further and announced the outcome of our review of the GLA's powers.[10] These will extend the Mayor's responsibilities for housing, planning, skills, waste, culture and sport, health, energy and climate change.

4.24 The RDAs set out the shared growth priorities for each region and local area in Regional Economic Strategies. These strategies are subject to review every three years and many have recently been updated to sharpen their focus on distinct regional priorities, informed by a robust evidence base. The RDAs recognised from the outset that their strategic priorities needed to be aligned at the sub-regional level and developed sub-regional partnership arrangements, playing a key role in bringing local authorities together in many places to address economic challenges at a more economically appropriate scale. Increasingly, the RDAs and the Northern Way, in which the three Northern RDAs are working together to address supra-regional issues, have recognised the particular importance of enhancing the economic performance of cities and city-regions for delivering on the Government's regional economic performance agenda.

4.25 Together with RDAs, the work of the Regional Assemblies is central to the development of a framework for economic growth in each region. As regional planning bodies, the Assemblies bring together key linkages in terms of land use, economic and social development, transport, housing and the environment. All these issues are essential to economic growth and successful cities and localities.

4.26 RDAs and Assemblies, together with other bodies working at regional level, have increasingly worked together in the interests of their region, providing advice, for example, to successive Spending Reviews. In January 2006 each region was able to provide agreed advice on their priorities for key elements of housing, transport and economic development based on indicative ten year allocations through the regional funding allocations exercise. This advice has proved invaluable, including for the formulation of transport investment programmes in each region.

Strengthening the economic development role of local authorities

4.27 The RDAs and the Government's regional focus are key elements in improving the success of regional economic performance. But the local level must be functioning well to underpin economic development and spread prosperity. It is

10   *The Greater London Authority: The Government's Final proposals for Additional Powers and Responsibilities for the Mayor and Assembly*, Communities and Local Government, 2006

through authorities prioritising economic development to create sustainable, thriving and cohesive communities that changes leading to increasing prosperity in every area will be delivered. Local authorities have a unique insight into the factors affecting growth in their area, such as differences in demography, history and economic and social structure between areas. They are also best placed to lead and facilitate the partnerships that deliver economic growth on the ground. That is why the Government has already taken action to enhance the economic development role of local authorities.

4.28 In particular, the Government introduced the well-being power in the Local Government Act 2000 to give local authorities considerable scope to act to promote or improve the economic, social and environmental well-being of their area. To support local authorities in this, the Government also introduced the Prudential Borrowing regime from 2004. It introduced new freedoms for local authorities to borrow for capital investment meaning local authorities no longer needed to seek permission from central government to borrow for capital purposes.

4.29 The economic development role of councils was further enabled through the introduction last year of an economic development focus for LAAs to help develop partnership working, especially between authorities and RDAs. The Local Authority Business Growth Incentives (LABGI) scheme also allows local authorities to receive a proportion of increases in local business rate revenues to spend on their own priorities, creating a direct financial incentive for authorities to promote local business growth. In England, over 270 local authorities received LABGI grants for 2005-06, totalling £127m. The scheme could be worth up to £1 billion over the three years to 2007-08.

4.30 To encourage enterprise in deprived areas, the Local Enterprise Growth Initiative (LEGI) was launched in Budget 2005. Its aim is to release the economic and productivity potential of the most deprived areas in the country thereby boosting local incomes and employment opportunities. The first LEGI payments were awarded in April 2006. 10 bids (involving 15 authorities) were awarded a total of just under £40m for 2006-07.

4.31 Legislation enabling Business Improvement Districts (BIDs) to be established came into force in September 2004. The initiative enables businesses to come together to fund and implement locally devised schemes to tackle issues and fosters a closer working relationship between the local authority and businesses in their area. Businesses vote in a ballot on proposed activities, with a levy on business rates bills to fund them. 31 BIDs have already been established, including Cowpen industrial estate in Teesside, Rugby town centre and Paddington. Further proposals are preparing to go to ballot.

4.32 The Government has also introduced a number of Welfare to Work policies to help workless people move into employment and out of poverty. These have included New Deals, the creations of Job Centre Plus, and Incapacity Benefit Pathways to work. This has been combined with measures to make work pay, such as the introduction of the national minimum wage.

4.33 Also we set out key policy measures to improve employment and skills across all regions and to provide particular support for those who were benefiting least from economic growth. These include:

- Pathways to Work pilots to promote employment among concentrations of people on incapacity benefit;

- establishing Regional Skills Partnerships and working through Sector Skills Councils to promote a better integration of supply and demand for skills at regional level;

- using the mechanisms in the Skills Strategy to help adults in low skill areas and communities; and

- tasking the RDAs further to develop effective business-university interaction, and to work more closely on the delivery of Business Link services.

4.34 Local authorities in many areas are now using these policies to deliver better economic outcomes in their areas, often working in partnership. The business cases we have received from all of our core cities show how focused they are on improving economic outcomes and how they are doing this collaboratively. In other places similar action is also under way. Bradford Metropolitan District Council, for example, has placed its LAA at the centre of its economic development strategy to improve effectiveness by enabling an increased focus on a joined-up approach across the whole area. In the first year of delivery, the local authority has committed to work towards aligning various other funding streams with the LAA, for example the Yorkshire Forward single pot and funds from Business Link and the Learning and Skills Council.

4.35 The Partnership for Urban South Hampshire (PUSH) is a voluntary working partnership of 11 local authorities stretching from the New Forest to East Hampshire. It also includes representatives of the South East England Regional Assembly (SEERA), the Government Office of the South East (GOSE) and the South East England Development Agency (SEEDA). PUSH has developed a sub-regional strategy which considers cross-boundary issues such as types and distribution of employment as well as the broad patterns of housing and other development. It also looks at ways of building on the strengths of the area and, for example, facilitating the regeneration of Southampton, Portsmouth and the other urban areas.

4

Progress since 1997

4.36 In 1997 many towns and cities were in decline, blighted by weak economic performance, poor public services, lack of investment and a culture of short-termism.

4.37 Our approach since 1997 to economic growth, employment, skills and productivity has had positive effects. Macroeconomic growth, combined with a suite of Welfare to Work provisions, has seen employment in the UK rise by over 2 million since 1997, and unemployment is at its lowest for 30 years. These improvements have been spread right across the country, including in our major cities. Since 1998, skills levels have risen and the proportion of those with no qualifications has fallen in all regions. The percentage of the economically active England population with Level 2 skills or above increased from 63% in 1996 to 73% in 2005. Since 1997, improved financial support and success in moving increasing numbers of people into employment have resulted in 700,000 children being lifted out of poverty.

4.38 Through their own spending programmes, the RDAs have made substantial investments in regional economies. Between 1999/2000 and 2005/06, RDAs channelled investment of £11 billion in the regions and analysis shows that this has helped to create and safeguard over 750,000 jobs and attracted around 60,000 businesses to the regions.[11]

4.39 In the last ten years, many of our cities have shown growth in employment, increased populations, reduced ethnic segregation and strengthened local leadership. They are grasping the opportunity to provide a good quality of life and environment that is attracting people and businesses. They are once again the motors of national economic growth and places where people want to live, work and play.

4.40 In our capital London, we have a global city that drives successful regional economic performance across the wider south east. Londoners have seen the tangible benefits of city-wide governance – the congestion charge, better buses and more community policing. These have been delivered through a directly elected mayor providing strong leadership and clear accountability by the assembly.

---

11   *CSR07 RDA Impact Evaluation Report* prepared by PA Consulting and SQW for the Regional Development Agencies

4.41 Elsewhere in England, our major cities are combining strong ambitions for economic growth with a social vision of how best to benefit communities.

4.42 Many places, large and small, are finding their economic identity and sharing in increased prosperity, growth and improved quality of life. For example, Cambridge is a dynamic and innovative city with a strong knowledge-based economy; Derby is a successful manufacturing city with a range of strong export firms; and Leeds has a thriving media cluster.

Key challenges remain

4.43 The Government will report progress later this year on how far the various actions which have been taken to improve productivity and economic performance have impacted on the Regional Economic Performance PSA.

4.44 The *State of the English Cities* report showed that our cities have turned the corner but, with the exception of London, they still lag behind the best performing cities in Europe and the rest of the world. The Government will use the comparisons in the report, along with those of other well-respected international reports (such as the recent OECD territorial review of Newcastle and its surroundings) as a benchmark against which to measure future performance.[12] Even in London, there are high levels of worklessness and poverty and the proportion of children in poverty is higher there than the national average.

4.45 Part of the problem is that current interventions are not having as big an impact as they could. Cities say that this is because key partners are often working independently to deliver national targets that are not always fully aligned with each other or with local priorities.

4.46 However, the scope to improve co-ordination and strategic decision-making is sometimes limited by the gap between administrative and economic boundaries. The boundaries of individual local authorities are often drawn much more tightly than functional economic areas. This can pose challenges for tightly-bounded district councils based around counties and other large towns. This is critical to considering the full economic benefits or costs of different decisions and can limit the likelihood of optimal economic outcomes from investment. If they were to collaborate and co-ordinate economic policies across the area in which key economic markets operate, the benefits of greater local flexibility would be secured.

12   *Working Party on Territorial Policy in Urban Areas, Assessment and Recommendations of the case of Newcastle*; Organisation for Economic Co-operation and Development, 2006

4.47 Analysis suggests that closer alignment between the geography of economic governance/decision-making arrangements and the economic footprint of a city makes a positive contribution to economic performance.[13] Across Europe and the UK, cities in which decisions are made at broader geographical levels do better than those where the city is tightly constrained. High performing conurbations like Hamburg, Brussels and Stuttgart have developed governance arrangements that cover functioning economic areas.[14]

4.48 The State of the Cities report showed that cities with more employment tend to have less poverty and social exclusion. It noted that "A high value-added, knowledge based, high skill economy can lead to the achievement of wider social goals."[15]

4.49 There does, however, continue to be a large gap between the ethnic minority and overall employment rate – this stands at 15 percentage points. Ethnic minority families are more likely to be living in poverty than others. For example, Pakistani and Bangladeshi households are more than twice as likely to be in poverty as white households. This is a challenge which will need innovative collaboration to address.

4.50 Cities and city-regions also need to become more competitive as globalisation leads to increased competition from emerging economies. England's comparative advantage will depend increasingly on having more innovative and knowledge-intensive activity, and high skill levels.[16] This in turn may mean that, within regions, there will be greater disparities as innovative economic activity shifts towards cities and city-regions. This is because of the importance of knowledge spillovers, as well as deep labour markets, to these sectors. The close contact of thriving networks of related researchers and businesses will facilitate and accelerate advances in knowledge and innovation relative to the geographical dispersion of participants. So as we address the performance of city-regions it is important to do so in a way that minimises the risks of greater disparities between, and within, regions.

4.51 However, this is not a zero-sum game. Much of the increase in economic added-value in cities will be from new activity and there will be opportunities to be exploited by smaller towns and rural areas within and outside city-regions. Indeed cities are highly dependent on each other and their surrounding areas, which means their economic success is inter-dependent.[17]

13   *European Urban growth: throwing some economic light into the black box.* Cheshire P and Magrini S, 2005 Paper presented at the Spatial Econometrics Workshop, Kiel Institute for World Economics, Kiel. April 8-9, 2005. Cheshire and Magrini use data from EU cities/city-regions over 1979-94

14   *Bigger, better, smarter. IPPR Discussion Paper No.2.* Marshall A, 2005, www.ippr.org/centreforcities

15   *State of the English Cities, Urban Research Summary 21,* ODPM: page 25

16   *Mind the Gaps: The Evolution of Regional Earnings Inequalities in the UK 1982 -1997,* Duranton G. and Monsatiriotis V, Journal of Regional Science, 42 (2), 2002

17   Cities are not isolated states, Cheshire P, Magrini S, Medda F and Monastiriotis V, in *City Matters: competitiveness, cohesion and urban governance,* M Boddy and M Parkinson (eds)., 2004

Responding to the issues raised by cities and towns

4.52 Over the last year we have undertaken an extensive dialogue with local authorities, businesses and community leaders from a wide range of towns and cities. We have framed this dialogue through a number of city summits, with the core cities and other urban areas, and have invited the cities themselves to build business cases on what could be achieved by partners working together to improve the economic, social and environmental performance of their area.

4.53 In particular the detailed dialogue between core cities and the government has generated a substantial range of propositions – some of which are still being developed by the core cities – that are outlined below. The discussions have begun to consider in detail the powers and resources that should be devolved to local authorities. Coherence between different areas of decision-making is key and currently governance structures and accountability are diffuse, making effective decision making and co-ordination unnecessarily difficult. This burdens the system and can slow down the delivery of projects that will improve local prosperity and the economic opportunities for citizens.

4.54 Strengthening arrangements will require not only better horizontal collaboration between local authorities, and other partners, across a range of issues including economic development, worklessness, transport, planning, skills and regeneration but also stronger vertical partnerships between stronger RDAs, regional economic strategies and local authorities. For example, co-ordinated activity is crucial when reducing the costs of crime through getting more offenders into, and keeping, work. Following further discussions with our towns and cities, the Government will bring together a full response ahead of the Comprehensive Spending Review through the sub-national review of economic development and regeneration, which is being carried out jointly by the Department for Communities and Local Government, HM Treasury, and the Department of Trade and Industry.

Spatial planning

4.55 Cities argue that spatial planning at a city-region level needs to bring together land use, economic and social development, transport, housing, and the environment. All of these issues are essential to our place-shaping agenda and to sustainable economic growth.

4

4.56 The availability and management of land is a key determinant of balanced housing supply, and the availability of developable land is essential to allow new economic activities to develop and existing ones to flourish. The interim findings of the Government's underserved markets project found that lack of land was a particular barrier to investment in deprived areas.

4.57 The planning system allows local authorities to collaborate at the sub-regional level to put forward sub-regional proposals as part of the preparation of the Regional Spatial Strategy. They can also produce a joint Local Development Framework at a locally determined spatial scale. In many instances, strategically important developments cross local authority boundaries. Coherent and speedy handling of development control for such sites can also be facilitated through joint planning activity. Kate Barker's review of land use planning is considering these issues and wider proposals to improve the planning system.

Economic development

4.58 The public sector's ability to attract private investment back into our cities has underpinned the urban renaissance of the last decade. To achieve further gains, responsibility for economic development at the regional and local authority levels needs to be more simply and clearly defined, in order to provide investors, developers and communities with greater certainty and build business confidence. It is also necessary to gain better involvement of the private sector in leading economic development, making greater use of its drive, innovation and expertise.

4.59 As one means of delivering a more co-ordinated approach, and building on the success of urban regeneration companies and international experience, a number of core cities are developing and implementing the concept of city development companies. These aim to bring together market intelligence, economic strategy, and analytical and co-ordination functions, and boost business confidence in a shared, strategic approach across the area.

4.60 City development companies are well established internationally, based on the need to engage the private sector and develop strong public sector co-ordination to deliver transformational economic change. Structure and activities will depend on the issues faced by individual places, on the priorities of partner bodies, and on the "fit" between economic objectives and the historical, administrative and legal context within which such a body needs to evolve. Where such bodies are established they will need to operate flexibly and interact closely with investment and development markets, while also having clear lines of accountability to local government and a well defined role within the context of regional economic strategies and other public policies. It will often make sense for such bodies to

operate across the functional economic area or city-region, with appropriate accountability arrangements at the city-region level. Two examples of this approach are set out in the box below:

Creative Sheffield

After a decline of Sheffield's traditional industries, Sheffield has experienced an economic revival in the last six years, driven by strong local authority leadership and a number of special purpose bodies. It has been one of England's fastest growing major city economies. Creative Sheffield has been set up to spearhead an economic transformation by fully exploiting the city's existing economic assets. It builds on the success of existing approaches and will lead on the development and implementation of an Economic Masterplan to guide public and private investment within the city. During the set-up phase, functions of key existing bodies will be integrated within a single economic development company for the city, which will work within the city's overall strategy to ensure that there are close connections with other programmes addressing skills, worklessness and social equity.

Manchester Enterprises

The Manchester Enterprises Group is the economic development agency for the ten local authorities areas within Greater Manchester. From 2006, the Group has been split to reflect strategic and delivery functions. Manchester Enterprises concentrates on strategic functions including production of the Economic Development Plan and City Region Development Programme. It is also the "accountable body" for delivery of the Regional Economic Strategy within the sub region. The former Manchester Enterprises delivery companies now form a separate new Manchester Solutions Group, managing a range of economic development services, tendering to deliver programmes on behalf of a range of public funding partners and delivering business support services, skills training and employment/regeneration programmes.

4.61 City development companies may also offer the opportunity to simplify economic development activities in cities. They could achieve this through working with or through some existing economic development bodies, and through the transition, succession or integration of others, depending on local circumstances. City development companies could also marshal resources – for example through a joint LEGI bid – at a more effective scale.

4.62 We are considering what we can learn from such initiatives. The Government does not have a defined model of what a city development company should do or what form it should take. We intend to work with others to develop guidance that will help those who are interested in taking forward this approach.

Employment and skills

4.63 Despite considerable success over recent years in helping more people to move back into and stay in work, the Government recognises the need to do more to join up action on employment and skills. Progress has been made at regional level, with the creation of Regional Skills Partnerships (RSPs) and in London the Mayor

4

has been asked to chair a new Skills and Employment Board. But we believe more needs be done.

4.64 Therefore, the Chancellor of the Exchequer has commissioned the Leitch Review of Skills to report specifically on "how skills and employment services can complement each other even more effectively in supporting labour market flexibility, better employment outcomes and greater progression to productive and sustainable jobs for those with skill needs." The Review will report its conclusions and recommendations to the Government alongside the 2006 Pre-Budget Report.

4.65 The Further Education White Paper pointed to the need to create stronger links between jobs, adult training, regeneration and economic development in cities, with a strong employer lead. The Welfare Reform Green Paper announced pilots of a new initiative to test how local partners can more closely integrate support for employment, skills and health as part of wider policies to improve the infrastructure, environment and economic potential of our cities.

4.66 Cities can play an important role in improving opportunities for local people to find, and progress, in work. Employment rates in most cities, though improving, remain well below the national average. The employment rate of the eight core cities is 67% compared with the national average of just under 75%. Employment patterns within most cities-regions are very diverse, with concentrations of worklessness in particular localities that are often close to where many local jobs can be found. More can and is being done to help those furthest from the labour market to re-engage and benefit from these employment opportunities.

4.67 Local authorities and other partners working in collaboration in cities could therefore have a key role in shaping a package of skills training that is strongly focused on what employers and individuals really need, ensuring that the supply of skills matches the demands of the local economy.

4.68 A number of core cities have proposed 'Skills and Employment Boards' to assess the current and future skills needs of the local labour market to enable partners to plan more effectively to meet them. The proposed boards are designed to support stronger local economic performance through:

- a better match between skills provision at the city or city-regional level and the needs of the local economy;

- working with employment consortia, ensuring that employment opportunities are maximised for those furthest from the labour market and skills and training are available to meet the needs of employers and communities;

- improvements in job placement and job retention, supporting higher employment rates, particularly for disadvantaged groups;

- improvements in skill levels, improving employment prospects and productivity;

- a reduction in skills shortages and skills gaps reported by employers;

- greater engagement by employers.

4.69 The overarching aim would be an improvement in overall economic performance in the cities. The Government is keen to see the development of these boards in all those core cities that want one. It will be important that Skills and Employment Boards and Regional Skills Partnerships work closely together to ensure that regional and local agendas complement each other.

4.70 There is no standard model for a Skills and Employment Board. Some boards being proposed are employer-led, others led by local authorities; some would operate at the local authority level within a well-bounded urban area; others might cover a city-region to reflect travel to work areas and wider market interactions. Different arrangements will suit different areas and we are not seeking a "one size fits all" approach. It will be important to maintain this flexible approach so that local arrangements can respond to wider recommendations on skills and employment emerging from the Leitch Review.

4.71 Closely linked to developments on Skills and Employment boards, last January's Welfare Reform Green Paper set out plans for "employment consortia" – partnerships of local agencies that would come together to better understand and address the concentrations of worklessness that remain in parts of many cities. A number of areas responded by submitting plans for improving the co-ordination of local programmes and services aimed at helping people take up and progress in work. Many of the large cities integrated their response to the Green Paper proposals into their business cases. Fifteen pathfinders for this initiative have now been selected, including South Yorkshire, Tyne and Wear, Birmingham city-region, Nottingham, Liverpool and Greater Manchester.

4.72 The pathfinder areas will test how a local consortium can provide drive and focus to the work of local agencies in tackling worklessness, help fill gaps in provision and cut out unnecessary duplication of services, foster better engagement with employers, and make effective use of greater freedom to tailor provision in response to local needs.

4.73 We recognise that there may be more than one way to tackle the challenge of joining up employment and skills. Depending on their composition and geographical focus, areas will need to consider how the aims of employment

consortia – improving outcomes in those parts of city-regions with the lowest employment rates – are best integrated as part of wider policies for assessing and planning for future employment and skills needs.

4.74 Therefore, we believe that in the core cities an effective approach, developed through collaboration and derived from a combination of local initiative and central devolution, could make a real difference including:

- Government support for Skills and Employment Boards, to provide a more strategic approach to employer engagement, skills and employment;

- piloting the employment consortium approach in a number of cities to help more people take up work in the most disadvantaged neighbourhoods;

- consideration of enabling measures, through LAAs, that could promote partnership working and greater local flexibility. This might include:

  - the ability to align budgets;

  - the potential for data sharing between partner organisations; and

  - the ability to tailor future training provision to better meet the needs of employers and the labour market.

Managing housing supply and demand

4.75 The supply of good quality and affordable housing has an important impact on the ability of cities to attract skilled workers and secure labour mobility. Housing markets operate across local authority boundaries, in the same way as travel to work areas do not adhere to administrative boundaries. It is important for partners in cities to ensure that housing investment and regeneration programmes are aligned with wider social and economic outcomes covering the whole of the city-region.

4.76 The Regional Assemblies have recently assumed responsibility for the work of the Regional Housing Board. Key to their new role will be helping the development of the regional housing strategy based on sub-regional housing markets. They will be aided in this by the new National Housing and Planning Advisory Unit. In their business cases, core cities set out the importance of their role in developing sub-regional housing strategies, promoting alignment not only with regional housing strategies but also with planning and economic strategies.

Transport

4.77 Cities have argued strongly that a well functioning transport system is critical to improved economic performance. Congestion and other barriers to the efficient movement of people and goods are cited in the international literature as a prime reason why cities cease to function effectively, particularly as they expand.[18] Good transport is key to attracting investment and to connecting communities, including the most deprived, to economic opportunities and areas of economic growth. It helps labour markets function and increases access to work; it is also critical to addressing local air quality and climate change.

4.78 Cities have argued that effective action to address transport problems coherently needs to bring together broader powers for traffic management, addressing both demand for road space and the need for better public transport in order to tackle the increasing problems of congestion. Experience from international examples and Transport for London also suggests that delivering real transport improvements in cities is facilitated where transport powers are held alongside other levers. These issues are being considered by Rod Eddington in his work for the Government on transport and productivity and by the Department for Transport.

4.79 The Department for Transport will be proposing a package of reforms for all Passenger Transport Authorities, and Passenger Transport Executives, which are the bodies responsible for securing public passenger transport in their areas, to enable a more coherent approach to transport to be taken in our major cities by addressing the criticism that transport powers are fragmented between PTAs and local councils.

4.80 In keeping with the principle that greater powers require stronger leadership to access the powers there will need to be more powerful local authority representation on the transport authority boards.

4.81 Buses are particularly important in our large cities and elsewhere. They account for the majority of journeys by public transport. Therefore, the Secretary of State for Transport will shortly make proposals to change the way bus services operate. These proposals will include new powers for those local authorities that require them to ensure that the bus services their communities need are delivered.

Environment and climate change

4.82 Our big cities are in the front line in the battle against climate change. It is in those places of dense population and concentrations of businesses that the biggest positive impact can be made: aligning spatial planning and transport strategies

---

18 *Competitive Cities in the Global Economy – Horizontal Synthesis Report*, OECD 2006

with strategic co-ordination of economic development activities, proactive
management of housing quality and demand, and promoting radical energy
saving initiatives, to combat global warming.

4.83 The Government is committed to reducing carbon emissions by 60% by 2050.
We announced in March 2006 our intention to publish a Planning Policy
Statement on climate change. This will set out how the Government expects
participants in the planning process, including local planning authorities, to work
towards the reduction of carbon emissions in the location, siting and design of
new development. Setting and implementing the right strategic framework,
including at the city-region level, will be a key part of this.

4.84 By bringing together city-region wide strategic partnerships with those in the
private and public sector, city-regions could stimulate markets for low and zero
carbon technologies, promote sustainable alternatives to car use, and co-ordinate
market and land use decisions so as to reduce the impact of everyday activities on
the environment, for example through alignment of transport, planning, housing
and economic approaches and strategies.

4.85 Local authorities already have the ability, via the wellbeing power contained in the
2000 Local Government Act, to work together and with other agencies to tackle
climate change. Some are making good use of this, for instance by setting up
Energy Services Companies (ESCOs), and we particularly encourage partners in
our major cities to take up the challenge locally. DEFRA will explore the best way
of encouraging the establishment of ESCOs with the core cities.

Culture

4.86 Sporting and cultural activity and events can generate significant economic,
commercial and social benefits, both locally and nationally. Major sporting events
have catalysed long-term economic gains where they have been used as a lever for
wider regeneration of a place. Participation in cultural and sporting activities
improves skills and confidence, enhances social networks and strengthens social
cohesion, and has positive impacts on health. These benefits are particularly
marked amongst young people, ethnic minority groups and disabled people.

4.87 The public sector alone cannot create a city's culture or control the benefits it
brings. But the actions they take can be a very powerful promoter and catalyst.
Provision of a range of cultural facilities, coupled with a good quality
environment, can also be a major attractor to businesses and workers. Cultural
facilities and events, including the creation of a 'cultural sector' in a city, can
enhance the image of an area, creating a sense of place and civic pride. A coherent
"cultural offer" across a city-region promotes the area on a regional, national and

international stage and could provide a substantial attraction to businesses and individuals in taking location and investment decisions.

4.88 We think therefore that it makes sense for city-regions to work with the national and regional cultural NDPBs – Sport England, Arts Council England, Museums Libraries and Archives Council, Visit Britain, UK Film Council, English Heritage and the Commission for Architecture and the Built Environment – to make the most of this opportunity.

Deprivation and poverty

4.89 Cities, particularly inner city areas, are often characterised by high levels of social exclusion and poverty. For instance, cities have the highest concentrations of child poverty and social exclusion in the country. These areas of poverty can combine to have significant impacts on the overall economic viability of regions. It is, therefore, vital that activities designed to improve the economic viability of regions factor in measures to support the most socially excluded elements of society in moving into, and progressing within, the labour market.

4.90 Collaboration and co-ordination of local authorities, other organisations and activities within a city-region can have a significant impact in tackling poverty, economic and social deprivation and helping people who are disconnected from the economic mainstream.

4.91 Examples of the added value of a city-regional approach include:

- building greater accessibility into transport provision so that everyone can physically access jobs and leisure activities across a wider geographical area;

- co-ordinating cross-boundary strategies that link physical regeneration, economic growth and neighbourhood renewal to create prosperous and cohesive communities; and

- agreeing strategies for managing balanced provision of housing across housing markets.

4.92 We expect city-regions to demonstrate how they are tackling deprivation and poverty through their developing business cases.

Effective collaboration through Multi Area Agreements

4.93 Local approaches to collaboration will also need to work closely with regional agencies to ensure strategies are coherent and the linkages between places at wider geographical levels are properly considered to add real value.

4.94 There are a number of outcomes which may be best delivered through collaboration at sub-regional level. In particular, many of the interventions needed to deliver sustainable economic development rely on action at a broader geographic scale than a single local authority. We will work closely with local authorities that are developing Multi Area Agreements (MAAs), in particular in considering how the Local Area Agreement (LAA) framework could be developed to accommodate them. These could provide greater flexibility in shaping interventions within the sub-region and strengthening cross-boundary working between local authorities and their partners.

4.95 We expect that development of MAAs will be voluntary. It will be for groups of authorities and their partners to develop and deliver the MAA, and ensure democratic accountability in the governance arrangements. They will be able to agree shared outcome-based targets drawn from the national indicator set and local priorities, which will then be reflected in each area's LAA. Authorities and their partners will also be able to agree to pool funding to be used across the sub-region. These funding streams will need to be managed by a single accountable body nominated by the partners.

4.96 It will be important for all MAAs to take account of existing regional strategies and that they are consistent with, and add value to, the other elements of LAAs. They will need to work seamlessly with the new performance framework.

4.97 MAAs could have a particular role to play in larger cities, helping create a sense of economic place and enabling the development of shared objectives across city-regions. But MAAs need not only apply to large cities. Groups of places in unitary or two-tier areas might find this approach useful, for instance in achieving objectives around housing markets, growth and regeneration.

4.98 Some local authorities and their partners are already starting to develop proposals for MAAs. We intend to work closely with them over the coming months and will take forward these approaches through the review of sub-national economic development.

Strong leadership and accountability

4.99 The Government is clear that strong leadership is important to make the tough decisions across all these issues that are needed to drive forward sustainable economic growth, deliver environmental improvements and enhanced social benefits. Effective partnership between the public and private sectors and with local communities is a must.

4.100 The Government acknowledges that each place faces different challenges and has a different political and administrative context and culture. One size will not fit all. The purpose of stronger governance is to provide clearer leadership on strategic issues that cut across existing local authority boundaries, establish a common purpose between partners, and work through challenges in a co-operative rather than competitive way. Only through such arrangements can hard strategic decisions be made in the most effective way, and can the private sector and all investors rely with confidence on continuity and a robust business environment.

4.101 Many of the core cities' partnerships are developing new governance arrangements to better manage and co-ordinate decisions across their city-regions. It is, for example, already common for groups of urban local authorities to work together in the old metropolitan counties, for example the Association of Greater Manchester Authorities. And in London, the right answer has been a directly elected mayor who has played an important part in leading London's renaissance.

4.102 The Government strongly endorses a co-ordinated approach to economic development to achieve the greatest economic and social impact. This needs to be determined locally, so that the co-operative governance arrangements being put in place by local authorities deliver better outcomes for their communities. Approaches that can enable strong leadership – such as proposed boards of leaders in some areas – must be agreed locally. Models imposed from the centre onto local areas will be unlikely to reflect the individual circumstances of each place and so are unlikely to deliver the necessary local political leadership.

4.103 The Government will, however, encourage stronger leadership models, including directly elected executives, indirectly or directly elected mayors, where such arrangements are supported locally as the Government believes in the principle that the greater the powers being devolved, the greater the premium on clear, transparent and accountable leadership. However, cities are all different – at different stages, with different resources and geographies and different ideas about how best to move forward. Our proposals will enable local authorities

4

throughout the country, in cities, towns and counties to come up with solutions that go with the economic grain in each place.

4.104 Local approaches to stronger leadership and collaboration will also need to continue to work closely with regional agencies to ensure strategies are coherent and the linkages between places at wider geographical levels are properly considered.

Resources

4.105 As part of their business cases, the core cities have also argued that they should be granted an element of fiscal freedom in order to be able to better promote economic development. The issue of the economic development role of local authorities and the links between that and the funding of local government is being considered by Sir Michael Lyons and he will report his conclusions to Ministers by the end of 2006.

Conclusion

4.106 The Government is clear that to meet its economic objectives it is necessary to devolve greater power and resources down to regional and local level to foster economic growth throughout the country. In cities in particular, local authorities have a vital role in collaborating to enable decisions to be taken at an appropriate economic scale, working closely with RDAs and other regional institutions to deliver regional economic aims. This role forms part of a wider change that is happening within local government as councils and local partners look to develop a much broader place-shaping and governance role. These issues are discussed in the following chapter.

Local government as a strategic leader and place-shaper

Our ambition

5.1   People want to live in pleasant and thriving places: to have good quality services, a safe and good physical environment, accessible transport links, a strong sense of community and for there to be opportunity for all.

5.2   That is the ideal. But economic decline, deprivation and historic under-investment can mean that the reality is very different. Places can be blighted by drug abuse, poor housing, anti-social behaviour, poverty and worklessness. Some estates have few community facilities. Villages may be isolated, with poor public transport.

5.3   Tackling these problems is hard. However efficient public agencies may be at delivering their particular service, they will struggle to make significant and lasting improvements if the underlying issues are not addressed. And any one service on its own cannot solve these deep-seated problems. A brand new health centre will, for example, make little impact on the growing health concern of our time – childhood obesity – unless it is working with children's centres to identify problems early on, co-operating with schools on diet and exercise, supporting the local authority in developing leisure facilities, safe cycling and home-to-school routes and encouraging community and faith groups to involve parents in healthy lifestyles.

5.4   The same applies to education. A school or college may be good, the teachers motivated and the results improving, but it will only make a limited impact in improving the life chances of its students if it focuses solely on what happens within the school buildings. As many schools know they also need to engage with business to understand the pattern of employment skills needed in the area and to develop good work experience opportunities; to link to local universities to help raise aspiration for students and their families; to work with the police and youth services on behaviour issues; to involve health professionals and specialist voluntary groups in drug prevention work; and to share their facilities with local organisations to foster whole family and community learning.

5.5 In a rapidly changing world, communities need strategic leadership to help bring together various local agencies and groups in order to build a vision of how to respond to and address a locality's problems and challenges in a co-ordinated way. They need, for example, to consider what should happen to ensure that their 'place' has a viable economic future; how to adapt to demographic shifts; to assess and mitigate the impact of climate change on their locality; to help turn offenders away from crime; and to build a cohesive community. That is what Sir Michael Lyons means when he talks about local authorities as 'place-shapers'.

5.6 In many ways this is what local authorities have been doing for the past 100 years. But the difference now is that in the past they would solve the problems themselves: by setting up and operating gas and electricity supplies, building and managing houses, running schools and organising social protection for children and elderly people. Today they are much more likely to discharge their place-shaping role through partnership: by developing a joint vision, by supporting and working with other agencies and services and by commissioning others to work on solutions – rather than delivering services directly themselves.

5.7 Over the past few years a growing number of local authorities have used the introduction of Community Strategies, the power of well-being, Local Strategic Partnerships (LSPs) and Local Area Agreements (LAAs) to seize this place-shaping agenda. They have taken the opportunity that democratic legitimacy confers to provide vision and leadership to local partnerships and, more importantly, to their communities.

Place shaping in Wakefield

Wakefield Metropolitan Council in West Yorkshire includes the City of Wakefield and a number of market towns and villages. The past 30 years has seen the decline of the mining industry and, following a closure of the pits, a major restructuring of the economy. One of the key challenges during the recent review of its Community Strategy was to ensure a clear and shared understanding among all the partners in the area of the nature of modern Wakefield and, with them, to create a compelling vision for its future.

There were three strands to this place-shaping work:

- using the LAA – which in Wakefield has been titled *Families and neighbourhoods* – to reshape services around community and personal needs. This involved increasing choice for individuals, improving the quality of services and decentralising and devolving decision-making and delivery patterns to the neighbourhood level;

- undertaking an analysis of the economic, social and environmental well-being of the area to ensure that future strategy was soundly based. The analysis looked at Wakefield in the context of its neighbours and wider developments in the region. Interactive techniques were used to profile the area's conditions and the results were presented in the form of spider charts and report cards; and

- commissioning a 'Wakefield's futures' programme to analyse and understand future drivers of change. This initiative looked at the impact of the knowledge economy on Wakefield and through presentations and workshops examined various economic and global trends and forecasts to help chart a viable future for the area.

5.8 More recently the Chancellor of the Exchequer has introduced the Local Enterprise Growth Initiative (LEGI) to help more deprived areas to develop their place-shaping role in relation to economic regeneration and to improve rates of employability and productivity. As with other place-shaping roles LEGI is based on a partnership approach: it involves local authorities working with business, community organisations and the voluntary sector.

5.9 That does not mean local authorities have to run all local partnerships or should dictate to partners what needs to be done. Leadership and authority have to be earned rather than asserted as of right. Moreover different partners are accountable in different ways. For example, the local police commander, a key player in many local partnerships, primarily reports to the chief constable and through him or her to the police authority and the Home Secretary. Partnership working needs to recognise these accountabilities.

5.10 The essential ingredients of successful partnerships are a common vision, shared values and mutual respect. Effective partnerships also need strategic leadership together with mechanisms for agreeing priorities and monitoring the impact of their work. Our proposals aim to create the conditions in which partnership working is more likely to succeed.

5.11 We will:

- **reinforce the strategic leadership role of local government by:**

  – placing a duty on local authorities to prepare the LAA, in consultation with others as already is the case with the Sustainable Community Strategy;

  – making clear our expectation that local authority leaders will play a leading role on LSPs – with an opportunity to agree the chair of the LSP; and

  – making clear that we expect local authority executive portfolio holders to play a key role on relevant thematic partnerships;

- **strengthen local partnership working by:**

  – placing a duty on the local authority and named partners to co-operate with each other to agree targets in the LAA; and

  – making clear that the Sustainable Community Strategy and other local and regional plans should have regard to each other;

- **put partnership working at the heart of local service delivery by:**

  - placing a duty on relevant named partners to have regard to relevant targets agreed between the Government and local partners in LAAs;

  - bringing more area-based funding streams into the LAAs to further improve the fficiency and delivery of outcomes;

  - removing the 4-funding block structure from LAAs (to be negotiated through 4 'themes'); and

  - clarifying the role of district councils;

- **strengthen and simplify local arrangements for delivering responsive services and involving local people by:**

  - streamlining procedures for involving communities in the creation of Sustainable Community Strategies, LAAs and Local Development Frameworks (LDFs);

  - improving and integrating strategic planning procedures; and

  - setting out the key principles of strategic commissioning and incentivising local authorities to focus on secure service outcomes in new and imaginative ways.

5.12 To underpin these reforms, we will issue one, new, streamlined piece of guidance on the place-shaping role, replacing existing statutory and non-statutory guidance.

Local authorities working in partnership

5.13 The main vehicle for developing a vision for transforming a place and for tackling hard cross-cutting social problems is the LSP. LSPs are not statutory bodies, but they bring together the public, voluntary, community and private sectors to coordinate the contribution that each can make to improving localities. Underpinning and supporting the LSP are various thematic partnerships such as the Crime and Disorder Reduction Partnership and children's trust, which are responsible for tackling specific agendas and delivering service improvements.

5.14 There are currently over 360 LSPs in England and over the past few years the Government has made important changes to strengthen their ability to act collectively and collaboratively:

- the Local Government Act 2000 gave local authorities a new power to promote or improve the economic, social, and environmental well-being of their area;

- the same Act also gave local authorities the responsibility, with their partners, to draw up a Community Strategy for their area, setting out a shared long-term vision, combining economic, social and environmental objectives;[1]

- LAAs introduced in 2004, provide LSPs with a mechanism for setting joint targets and clarifying who is responsible for delivery;

- LDFs, introduced in 2004, provide the spatial expression of the Community Strategy. Each LDF also sets out the intentions for involving the local community in the preparation and review of development plans, in a Statement of Community Involvement.

5.15 Partnership working is now a normal way to do business for most local authorities.[2] But effective partnerships – ones which not only agree strategies but ensure delivery of their targets – need strategic leadership. Our proposals will offer local authorities and their partners the tools they need to develop further strategic leadership and to tackle some of the big cross-cutting challenges we face, such as economic change, social exclusion, community cohesion and climate change.

Strengthening the Local Strategic Partnership

5.16 LSPs must be responsive to the needs of local citizens and communities. The democratic process provides an essential link between the views of local citizens and the ambitions and priorities set out by the LSP. So while a local authority can neither agree nor deliver a Sustainable Community Strategy on its own, it is appropriate for it as the locally elected body to be charged with co-ordinating the work of LSP partners.

5.17 We will, therefore, ensure that LSPs are accountable to local people by strengthening the involvement of elected members in both executive and scrutiny roles. We will expect local authority leaders to agree the appointment of an LSP chair, and for them to be key members of the LSP. Executive portfolio holders should equally play a key role on their appropriate thematic partnerships.

5.18 That does not mean elected members should always chair partnerships – that should be left to local discretion and they should be chaired by the most appropriate person. But we attach particular significance to ensuring elected members are fully involved in the LSP process.

---

1   Following the Egan Review, the Government agreed that 'Community Strategies' should be reshaped into 'Sustainable Community Strategies'. The forthcoming LSP and Sustainable Community Strategy guidance will explain this evolution in more detail
2   *National evaluation of LSPs: Formative evaluation and action research programme 2002-2005: Final Report*, ODPM, 2006

5.19 The democratic legitimacy of local authorities naturally gives them a leading role in partnership working. But it does not give them a monopoly on leadership. It is essential for local authorities to work constructively with the full range of local partners to fulfil their shared responsibilities – as the best authorities already do. Local authorities are already under a duty to consult and seek the participation of 'such persons as they consider appropriate' in relation to preparing the Sustainable Community Strategy.[3] We will extend this duty to include the preparation of the LAA. Our expectation is that local authorities will involve the voluntary, community and business sectors, parish councils, and other local public service providers in both the design and delivery of Sustainable Community Strategies and LAAs.

5.20 We will also work with national third sector umbrella bodies to establish a standard by which local third sector bodies should organise themselves to be effectively represented on LSPs.

Strengthening thematic partnerships

5.21 LSPs will provide the forum for setting the strategic vision for an area, for capturing that vision in the Sustainable Community Strategy, and for agreeing priorities for improvement in the LAA. Responsibility for implementing plans and for driving delivery of outcomes is the role of the partners and thematic partnerships such as Crime and Disorder Reduction Partnerships and children's trusts which underpin the LSP.

5.22 Many areas have a large number of thematic partnerships. However, too many partnerships in one place can dilute their effectiveness and place an excessive burden on those involved. Our expectation is that LSPs should be the overarching strategic partnership, bringing together a manageable number of key thematic partnerships to deliver the priorities agreed in the LAA and Sustainable Community Strategy.

5.23 These thematic partnerships will include the well-established Crime and Disorder Reduction Partnerships and children's trusts. We also propose to legislate for new statutory partnerships for health and well-being, under the LSP, in order to enable local authorities and Primary Care Trusts (PCTs) to achieve an integrated approach to delivering both local government and NHS priorities. The Department of Health will shortly invite views on the effective implementation of the new health partnerships. (This is set out in more detail in Annex B).

3   Local Government Act 2000, Section 4

5.24 Thematic partnerships, like the LSP itself, benefit from the active involvement of democratically elected members and we expect local authority executive portfolio holders to play a key role on their appropriate thematic partnerships. That is why:

- the Home Office is developing national standards for Crime and Disorder Reduction Partnerships that will make clear their expectation that councillors with the lead on the community safety portfolio take a key role in that partnership;

- the Department for Education and Skills has required the establishment of portfolio leads for Children's Services by 2008, providing a strong basis for a lead role for elected members within children's trusts; and

- the Department of Health will consult on the proposed role of elected members on the new statutory health and well-being partnerships (see above).

A framework for effective and co-ordinated local service delivery

5.25 If partnership working is to succeed we need a clear framework for agreeing priorities that will be acceptable both to local partners and to central government. It is a question of striking the right balance between national priorities and local flexibility to respond to local circumstances. We need to try and avoid prescriptive and rigid rules, but where local partners agree priorities with central Government that agreement must be meaningful.

5.26 We therefore propose the following framework:

- a duty for the local authority to prepare the Sustainable Community Strategy in consultation with others as set out in section 4 of the Local Government Act 2000;

- the Sustainable Community Strategy and other local and regional plans to be drawn up with regard to each other;[4]

- a new duty for the upper-tier local authority (in two-tier areas) or unitary authority to prepare a LAA in consultation with others;[5]

- a new duty for the local authority and named partners (listed below) to cooperate with each other to agree the targets in the LAA; and

---

4   This will be set out in the statutory guidance referred to in paragraph 12
5   This means county councils, district councils exercising the functions of a county council in their area (including metropolitan district councils), London Boroughs, the Common Council of the City of London in its capacity as a local authority and the Council of the Isles of Scilly

- a new duty for the local authority and named partners to have regard to relevant targets in the LAA – as set out by the relevant Secretary of State in directions.

5.27 The named partners that will be placed under a duty to co-operate with each other to agree relevant targets in the LAA are as follows:

- Upper tier or unitary authorities

- District authorities

- Chief Officer of Police

- Police authorities

- Local Probation Boards

- Youth Offending Teams

- Primary Care Trusts

- NHS Foundation Trusts

- NHS Health Trusts

- The Learning and Skills Council in England

- Jobcentre Plus

- Health and Safety Executive

- Fire and rescue authorities

- Metropolitan Passenger Transport Authorities

- The Highways Agency

- The Environment Agency

- Natural England

- Regional Development Agencies

- National Park Authorities

- The Broads Authority

- Joint Waste Disposal Authorities.

5.28 Not all targets in the LAA will be relevant to all partners. The relevant partners for each target will be set out in individual LAAs.

5.29 The joint duty to co-operate can only apply to organisations which can be clearly identified in legislation. Further, it would not be right to apply such a duty to, for example, all voluntary and community agencies in an area, without specific knowledge of how it would impact on such agencies in that area. However, we do not see the listed bodies as the only agencies working in partnership with the local authority. It is essential that the voluntary and community sectors and bodies such as Registered Social Landlords and parish councils, are involved in the preparation of the Sustainable Community Strategy and LAA. In addition, the business community as a key local partner, funder, provider of local public services and job-creator has a vital role to play in both local economic development and in the improvement of services.

5.30 Effective cross-agency working to deliver LAA targets needs to be supported by effective data-sharing between local partners. Sharing of data is already happening in many places, but elsewhere there are indications that uncertainties over existing powers are preventing data-sharing and getting in the way of better service provision. To overcome these obstacles we will draw on existing knowledge and good practice to provide clear advice on the existing statutory position with model protocols to support better data-sharing. Where a need is identified for further powers, we will seek such powers at the earliest practical opportunity.

Sustainable Community Strategy

5.31 The role of the Sustainable Community Strategy is to set out the strategic vision for a place. It provides a vehicle for considering and deciding how to address difficult cross-cutting issues such as the economic future of an area, social exclusion and climate change. Building these issues into the community's vision in an integrated way is at the heart of creating sustainable development at the local level.

5.32 Local authorities have the job of preparing the Sustainable Community Strategy. A vital part of that is to consult local citizens, communities and the voluntary, community and private sectors. The Strategy should also reflect:

- the views of other local partner agencies and the thematic partnerships. The Sustainable Community Strategy should aim to reflect the collective vision of the LSP;

- other key local and regional plans such as the local policing plan and the Regional Economic Strategy; and

- the Local Development Framework.

5.33 These plans, in their turn, should have regard to the Sustainable Community Strategy. Our aim is for there to be complete coherence between the Sustainable Community Strategy and all the other plans for an area.

The Local Area Agreement

5.34 LAAs were introduced in response to concerns about the impact of increasing numbers of area-based initiatives and the burdens placed on areas by multiple performance reporting systems. The idea behind LAAs was to strike a balance between the priorities of central government and local government and their partners in the way that area-based funding was used. LAAs use an outcome-based approach so that central Government takes an interest in what is delivered, but it is up to local partners to decide how best to do it.

5.35 At present LAAs are an important, but not central part of the performance framework. In future we see LAAs as being the delivery plan for the Sustainable Community Strategy focused on a relatively small number of priorities for improvement. Some of these will be agreed in negotiation with Government and will reflect national priorities. Others will be purely driven by the LSP and will concentrate on other more local priorities affecting local citizens and communities. LAAs will then form the central delivery contract between central Government and local government and its partners.

5.36 Local authorities will be responsible for preparing the LAA and the local authority and local partners will be responsible for agreeing with government the small number of priority targets for improvement that are relevant to them. In the past there has been concern that LAAs do not reflect the real priorities shared between central and local government and their partners.[6] In future the LAA will carry more weight and, as described above, responsibilities for delivery will be made clear by placing a duty on named partners to have regard to relevant targets set out in the LAA.

5.37 Our aim is to keep bureaucracy to a minimum so that the main role and purpose of LAAs is not obscured. We also need to ensure that LAAs remain flexible enough to respond to changing circumstances so that, for example, resources could be reprioritised to deal with a new public health threat or a local crisis in the provision of a particular service.

---

6   *LAA research: Round 2 negotiations and early progress in round 1*, Communities and Local Government, 2006

5

5.38 As we set out in chapter four, we will work closely with local authorities that are developing Multi-Area Agreements (MAAs), to encourage greater cross-boundary collaboration in delivering outcomes.

Duty to have regard to targets

5.39 Some targets included in the LAA will be the responsibility of the local authority alone; others will require active involvement of the local authority and one or more partner agencies.

5.40 In recognition of the fact that many of the targets to be included in individual LAAs will require more than one body to deliver them, it is important that individual targets are agreed jointly by the upper-tier authority and the relevant partner – in accordance with the overall priorities for the area agreed by the LSP. For example, a target on reducing childhood obesity would need to be agreed jointly by at least the local authority and the PCT. The local authority will not be able to impose targets on named partners and any local agreement will of course need to take account of individual partners' existing commitments and responsibilities.

5.41 For those targets which are national priorities and agreed with Government, we propose that the relevant Secretary of State should have a power to direct the lead local authority and any specified partners to have regard to those targets for which they share responsibility.

5.42 The purpose of applying this power of direction in relation to specific targets is to make clear where responsibility lies – and to support the operation of the performance framework as described in the next chapter.

5.43 Chapter six describes the range of options available when there is sustained underperformance by individual partners against any of the targets stemming from national priorities. However, the system has been designed to ensure maximum flexibility and to recognise that circumstances can change very quickly, requiring partners to refocus resources sensibly. For example, a new security threat would require the chief constable to redeploy their officers to reflect that threat. In such circumstances, the police would have well founded reasons for departing from the previously agreed community safety targets in the LAA.

5.44 Bodies named as being covered by the new duties (set out above) will retain their budgetary independence except where the decision to pool funding in the LAA has already been taken.

LAA funding

5.45 We recognise that Government can help local partners to deliver the targets in their LAA by providing greater clarity and flexibility around area-based funding streams. As indicated in this year's Budget, we are considering how to include more area-based funding streams in LAAs to further improve the efficiency and delivery of outcomes across public services.

5.46 In deciding which funding streams should be included in LAAs, we will adopt the following principles:

- first, wherever possible, funds will be provided in the form of general, unringfenced grant – either Revenue Support Grant or the Single Capital Pot or other mainstream grants, such as police grant. These general grants provide the maximum local flexibility in deciding how funds should be used;

- second, funding will be provided through the LAA grant. This route will be suitable for most area-based funding streams such as Neighbourhood Renewal Funding and Connexions grants that support outcomes which local authorities must deliver alone or in partnership with others; and

- third, there will be some funding streams that for specific reasons are unsuitable for general grant or LAAs.[7] For example, this route may be needed for funding intended to support defined activities which may be exceptionally difficult to deliver locally – such as the resettlement of offenders – or for grants supporting some types of very large capital schemes. Any proposals to ring-fence such funding will need to be justified, given the Government's presumption against it. There may also be some short-term needs for grants outside general grant or the LAA framework where new pilot schemes are initiated: in such cases, the expectation would be that funding streams would be included within general grant or LAAs once the scheme was fully established.

5.47 At present funding distributed through most LAAs is divided between the four "blocks" dealing with Children and Young People, Healthier Communities and Older People, Safer and Stronger Communities and Economic Development. This has provided certainty that funding allocated for a particular purpose will be spent on that purpose. However, there are significant disadvantages to restricting the use of funding in this way. For example, it causes problems by preventing local partners from using funding streams more flexibly. Further, there are some issues, such as culture and sport that cut across all four themes.

---

7   The funding streams that are excluded from LAAs will be published each year

5

5.48 We believe that the advantages arising from the block structure should be retained by continuing to structure LAAs according to four themes. This will give a focus to central/local negotiations and provide a framework to which local thematic partnerships can relate. In addition, local partners might want to organise their Sustainable Community Strategy, their priorities for improvement in the LAA and their thematic delivery partnerships around the four themes.

5.49 However, we do need to remove some of the inflexibilities around funding which the block structure has caused. Since the first LAAs we have been experimenting with "single pots" where funding is not tied to specific blocks. This experience has been positive, and so we will develop and provide this flexibility to all areas.[8] Alongside the introduction of the new performance framework (April 2009) all funding being distributed through LAAs will be unringfenced – although we will continue to emphasise the importance of the four themes as a way to manage negotiations and give a focus to local partnerships. Central government would expect local partnerships to spend their funding on activities or services related to agreed targets or which closely reflect the original purpose of the grant stream. For example, funds provided in order to deliver services to children should be used by local partnerships on such services and not diverted to substantially different purposes.

5.50 Local partners have suggested that the title of the "Economic Development" block is too narrow a definition. We therefore propose that the fourth "theme" should be "Economic Development and the Environment" and that it should be broadly interpreted to include other issues as appropriate such as transport, culture and sport. We also believe that there is value in local partners coming together to form economic partnerships – as many already do.

5.51 We believe that Local Public Service Agreements and the LAA reward grant have been successful in incentivising greater performance by local areas.[9] The 2007 Comprehensive Spending Review (CSR07) will consider whether the delivery of targets is best incentivised through a third generation of reward grant. We also believe local partners should come together to use LAAs – and the new duty to co-operate – to drive forward efficiency.

---

8   *LAA research: Round 2 negotiations and early progress in round 1*, Communities and Local Government, 2006
9   *National evaluation of LPSAs: Interim report*, ODPM, 2005

Clarifying the role of district councils

5.52 District councils have an essential role in place-shaping. They lead on many of the services which are essential to delivering the strategic priorities in the county-wide LAA, including housing, planning and some leisure services. They are also essential for building strong links with local people, neighbourhoods and parish councils. Reflecting their significant responsibilities, district councils will still be subject to the requirement to produce a Sustainable Community Strategy for their area in partnership with public, private, voluntary and community sector bodies, through their LSP.[10]

5.53 The precise relationship between individual district and county councils and their respective LSPs should be determined locally. The opportunities described in chapter three for districts and counties to develop new ways of working together will provide the possibility for councils to develop new approaches. Districts and counties should also work together and with other partners to achieve efficiencies as set out in chapter seven. However, as a minimum we would expect the county to demonstrate that they have taken full account of district level strategies in producing an over-arching Sustainable Community Strategy. Similarly, we will expect districts to consider the needs of the whole county in drawing up their specific priorities.

5.54 The county council will be required to consult and involve district councils in drawing up the county-wide LAA. And LAAs should be flexible enough to accommodate district level priorities. This will be particularly important for issues like economic development, housing, planning and community safety. It is inconceivable, for example, that a district council based around a county town would not play a major role in developing the economic theme of an LAA. Similarly where district council boundaries do not reflect economic reality it will be important for the LAA to tackle cross-boundary district council issues.

London

5.55 London boroughs will be responsible for the preparation of Sustainable Community Strategies and LAAs, in consultation with their local partners. London, uniquely, also has the Greater London Authority, which provides strategic city-wide governance for the capital, directly elected by, and accountable to, Londoners. The Mayor sets London's strategic direction in a series of statutory

10   Local Government Act 2000 (s4)

5

strategies on London-wide issues, including transport, economic development and planning (through the London Plan).

5.56 The Mayor plays a crucial, strategic role in partnership working, and we need to ensure a clear fit between local targets agreed in LAAs, and targets set out in the Mayor's statutory strategies. In order to gain the maximum benefit from the new performance framework, it will be essential for local authorities in London to have regard to the Mayor's statutory strategies and relevant targets when preparing their Sustainable Community Strategies and LAAs and when agreeing targets in individual LAAs. Our aim must be for the different service providers to work towards the same set of targets and for there to be as much synergy as possible between the Mayor's and Boroughs' plans.

Simplifying community consultation

5.57 There needs to be dynamic, genuine consultation and involvement of local communities, voluntary organisations and businesses in the setting of priorities and planning of delivery. Currently, the regulatory framework for local consultation and engagement can be complex, overlapping and confusing.

5.58 Local authorities are currently required to 'consult and seek the participation of' local people, the voluntary, community and private sectors in drawing up their Sustainable Community Strategy.[11] However, local areas are not required to produce a formal statement as to how local people have been involved.

5.59 In contrast, guidance on LAAs states that 'The LAA must include a statement of the involvement of the voluntary and community sector and local people in the design and delivery of the agreement. This should state how local people and the voluntary and community sectors have been informed, consulted and given the opportunity to participate in the LAA process'.[12]

5.60 Similarly, the Planning & Compulsory Purchase Act 2004 requires a statement of community involvement to be drawn up setting out how the Local Planning Authority will engage the community in drawing up their spatial plans – the Local Development Framework (LDF). The preparation process for this statement is at present subject to independent examination and a binding Inspector's report.

---

11   The Local Government Act 2000
12   Para 15 Annex B Local Area Agreements Guidance for Round 3 and refresh for rounds 1 and 2
      (ODPM 2006)

5.61 In order to secure co-ordinated consultation and engagement across these three processes we want the local authority and its partners to have the flexibility to draw up a much more comprehensive engagement strategy which captures the planned community engagement requirements of the individual partners and, where possible, combines activity. This should enable more meaningful consultation with local residents and organisations on the Sustainable Community Strategy, LAA, and LDF, and reduce the risk of consultation overload and fatigue. To facilitate this we will at the earliest opportunity repeal the requirement for an independent examination of the LDF's Statement of Community Involvement.

Improved integration of strategic planning procedures

5.62 The evidence shows that the links between Sustainable Community Strategies and LDFs remain generally weak.[13] The result is that the critical long-term priorities for an area agreed in the Sustainable Community Strategy, such as improving local employment rates or tackling anti-social behaviour on estates, have not had as much influence on planning decisions as they should. Yet planning decisions – whether they involve extending an airport or just simply building a playground – can directly affect the delivery of these priorities.

5.63 Building on existing good practice, we will strongly encourage local authorities to integrate the core strategy of the LDF within the unitary or district Sustainable Community Strategy to ensure that the key spatial planning objectives for the area are fully aligned with the priorities identified in the Sustainable Community Strategy.

5.64 In order to rationalise and integrate the preparation of plans, we will also make clear that local authorities' Housing and Homelessness strategies should be incorporated within the unitary or district Sustainable Community Strategy, wherever possible.

---

13   *Formative evaluation of Community Strategies, Process evaluation of Community Strategies: Overview of all and more detailed assessment of 50 Community Strategies*, ODPM, 2005

5

Housing and regeneration

5.65 We recognise that local authorities may need support in developing and delivering strategies on housing and regeneration, and that partnership working on these issues needs to be considerably strengthened. The Housing and Regeneration Review was set up in April 2006 to look at:

- providing more effective delivery support to local government and regional bodies;

- strengthening and simplifying institutional structures for delivery; and

- maximising use of assets such as land.

5.66 Building on the comments received from stakeholders, the review is considering a range of options, from modernising existing structures to establishing a new body encompassing the functions of English Partnerships, the Housing Corporation and key elements of the department's delivery role. We expect to announce the outcome of the review shortly and we are looking at wider issues in these areas in the policy review on sub-national economic development and regeneration for the CSR07.

The role of commissioning in strategic service delivery

5.67 The purpose and focus of partnership work is on making localities better places in which to live and work. LSPs and LAAs are outcome driven and focused. This will mean local authorities continuing to move away from a narrowly defined approach to service delivery towards a 'commissioning' role – being open to using the best possible ways of securing service outcomes.

5.68 This encompasses the whole commissioning cycle: identifying needs, planning, sourcing, delivery, and performance management. And the LSP needs to ensure that this approach is applied at both a strategic and operational level both in relation to its own activities and to those of the thematic partnerships. If done well, this approach should enable authorities to:

- focus on understanding and delivering the improvements places need and the outcomes local people want, rather than relying on traditional service delivery channels;

- achieve economies of scale and scope, where this is sensible, rather than being restricted by local authority spatial boundaries and direct responsibilities. For example authorities and agencies might consider co-locating services, sharing back-office functions or making joint appointments for senior posts;

- act locally, where this makes sense – sometimes on a neighbourhood basis – to achieve greater responsiveness;

- provide greater opportunities for joint commissioning and procurement with other statutory bodies – so contributing to efficiency savings; and

- provide a separation of roles between commissioning and providing services, thus enabling the local authority and the LSP to be the champion of the citizen and service improvement.

5.69 This approach requires a thorough understanding of what local people need and want as well as a knowledge of supply markets and the range of providers and potential providers who might be engaged in delivery, with local authorities playing a variety of roles – broker, facilitator, procurer, market regulator and provider.

5.70 To support the development of a 'commissioning' role we will issue one piece of new best value statutory guidance on key commissioning principles, community participation and competition (see chapter seven). These principles will incorporate as far as practical the key Compact commitments on procurement and funding and will support not only the agenda set out in this White Paper but also in Every Child Matters and Our Health, Our Care, Our Say.[14]

5.71 The skills underpinning strategic commissioning need to be central to the leadership role of officers and members, and will require technical skills at officer level. We will work in partnership with the Local Government Association to develop that capacity through the national improvement strategy (see chapter seven).

14   *Compact Code of Practice, Funding and Procurement*, Compact Working Group, 2005

5

Conclusion

5.72 This chapter has focused on the mission of local authorities to work with other
agencies and groups to shape places: to develop a vision for their area and work to
make it happen imaginatively and jointly. The chapter has described a new
relationship between central and local government where the priorities of each are
understood and accepted and brought together in a single vision – the Sustainable
Community Strategy; with a single delivery plan – the Local Area Agreement. The
focus on outcomes brings new flexibilities around funding by central government
and new challenges on commissioning for local government. Making this new
system work with a more streamlined and fit for purpose performance framework
is the subject of the next chapter.

A new performance framework

<div style="text-align: right">

6

</div>

Our ambition

6.1 The Government's commitment to improve public services has seen rising investment in local public services since 1997. Councils, schools, police services, hospital and primary care trusts have all responded to this challenge by raising standards and delivering substantially improved services – in line with the Government's priorities and targets. As a result, many local public services are unrecognisable compared with service levels a decade ago. The improvements in performance indicators and inspectors' judgements provide an objective measure of this progress, though they do not capture the true impact – millions of lives changed for the better.

6.2 But there are still significant challenges to be faced. Despite the improvements, public satisfaction with local government fell by 10% between 2000/01 and 2003/04.[1] In part this reflects rising public expectations. But some problems with performance still remain – for some whole service-areas, such as children in care,[2] or in individual local authority areas where performance is not matching that of their peers.

6.3 We know that there are a range of factors that can drive improvements in local outcomes – from the empowerment of citizens and users; to the capacity and vision of local leadership; to the willingness to challenge current delivery arrangements and explore alternative means of commissioning and providing services; to peer, partner and sectoral challenge and support; as well as national targets, regulation, support and intervention in under-performance.[3] The new performance framework needs to bring these together more coherently to enable service commissioners and providers to be responsive, effective and innovative.

---

1 Best Value User Satisfaction Surveys 2003/04, *General Survey Initial Topline Report*, ODPM, 2004
2 *Care Matters: Transforming the Lives of Children and Young People in Care Green Paper*, DfES, 2006
3 *Meta-evaluation of the Local Government Modernisation Agenda: Progress report on Service Improvement in Local Government*, ODPM, 2005

6.4   The performance framework for local services must make the public's views on service quality the core test of local performance. And it should allow local commissioners and providers to use local information to radically reshape services in ways that better meet the expectations of their communities – including giving users more choice about the services they receive.

6.5   This does not mean dismantling all central controls or targets. Central Government has a vital role to play in securing minimum standards – particularly for the protection of the most vulnerable and least vocal groups – and driving improvement in priority areas. But these central priorities must be carefully focused. And even where Government does have clear national priorities for improvement, they should not inhibit innovative local solutions which can achieve better outcomes.

6.6   Our aim, therefore, is to reduce radically the number of nationally-required local targets, performance indicators and reporting and to replace these with new opportunities for citizens to hold their local providers to account for the quality of services. This will place greater responsibility on local authorities – on their own and in partnership – to drive improvements in outcomes in their areas and be responsive and accountable to their citizens.

6.7   **The new performance framework will:**

- **strengthen accountability to citizens and communities** through increasing choice, encouraging authorities to provide citizens and communities with timely information on services, introducing more effective means of redress when things go wrong and increasing opportunities for communities to run local services and manage local facilities;

- **give greater responsibility to local authorities and their partners for securing improvements in services** by supporting the Local Government Association's (LGA) work on cross-service and cross-authority challenge and support; by streamlining and updating best value so that it better reflects the importance of citizens as shapers of services; and by promoting more real-time performance reporting;

- **provide a better balance between national and local priorities**, with a drastic reduction in the number of national performance indicators and a revised Local Area Agreement (LAA) process through which central Government and local partners will agree and manage a limited number of improvement targets for each local area;

- **improve the arrangements for external assessment and inspection** so that they are better co-ordinated between the various inspectorates and related

more proportionately to risk by reforming the current performance assessment arrangements for local government, putting in place the following key elements:

– an annual **risk assessment** which identifies the key risks to outcomes or delivery for each area;

– an annual scored **Use of Resources** judgement for local public sector bodies, drawn from the annual audit;

– an annual scored **Direction of Travel** judgement which assesses the effectiveness of each local authority in driving continuous improvement;

– **inspection activity by relevant inspectorates targeted** primarily on the basis of the risk assessment;

● **streamline the process for providing improvement support and intervention for authorities struggling to deliver agreed outcomes for local people**, with the response tailored to the nature and severity of the problem.

An improving picture

6.8   There is strong evidence of rising performance within local government across a wide range of services and functions. In 2002 there were 13 poor authorities and 76 good or excellent.[4] Under the new, tougher Comprehensive Performance Assessment (CPA) introduced in 2005 over three quarters of single tier and county councils are now judged to be improving well or strongly, and over 70% had achieved a three or four star rating for performance.[5]

6.9   A basket of Best Value Performance Indicators (BVPIs), designed to give a balanced picture of performance over time, shows councils have improved by 15.1% between 2000/01 and 2004/05, and that the worst performers have improved faster than the rest.[6]

4   *Comprehensive Performance Assessment: Scores and analysis of performance for single tier and county councils in England*, Audit Commission, 2002
5   *Comprehensive Performance Assessment – The Harder Test: Scores and analysis of performance in single tier and county councils*, Audit Commission, 2005
6   *Local and Regional Governance Research Unit analysis*, Communities and Local Government, 2006

**Upper tier authorities – average actual performance
by 2005 CPA category, indexed on 2000-01 results**

(Not including 0 st ars' because there is only one authority in this category)
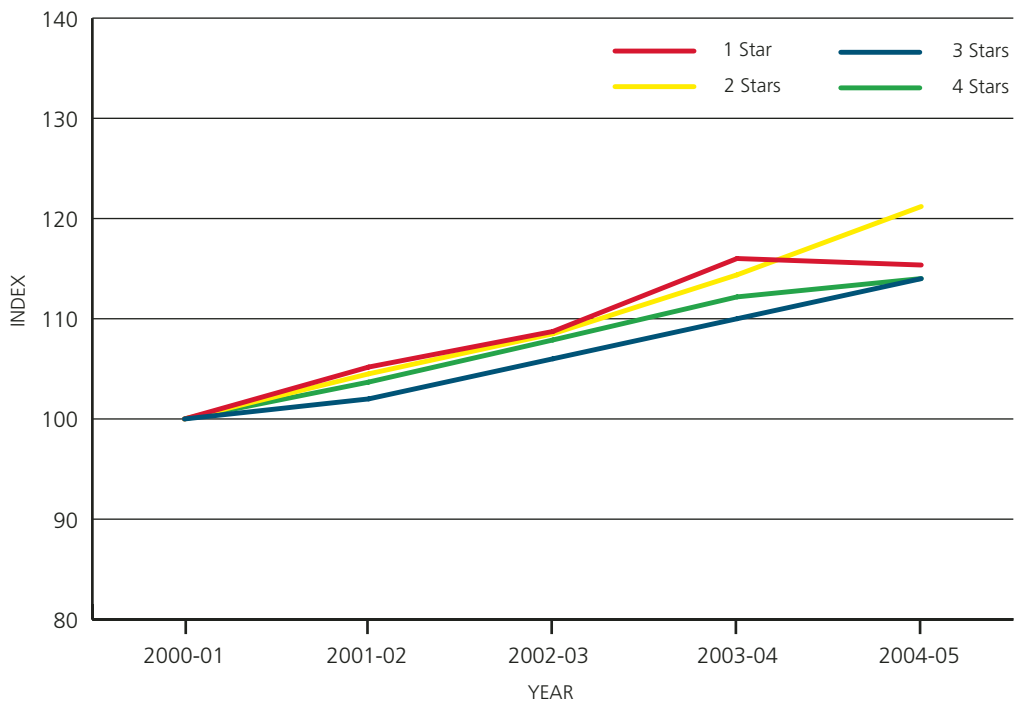
6.10 Improvements can be identified across a wide range of services:

- the Commission for Social Care Inspection (CSCI) performance ratings have shown a year-on-year improvement since they were first published in 2002;[7]

- Home Office figures also show reductions in burglary and vehicle crime between 2003/04 and 2005/06;[8]

- recycling has almost doubled since 2002;[9]

- benefits services are on course to meet their targets in reducing fraud, implementing modernisation and tackling inequalities;[10] and

- fire deaths have fallen by 20% since 1999.[11]

6.11 Significant progress has also been made in many areas in narrowing the gap between the worst performers and the rest. For example, between 1997 and 2004/05, the gap between the percentage of pupils in deprived areas achieving five

---

7   *Social Care Performance 2003/04,* CSCI, 2005
8   *Home Office Crime in England and Wales 2005/06, Home Office Statistical Bulletin 12/06,* July 2006
9   *Departmental Report 2006,* Defra, 2006
10   *Departmental Report 2006,* DWP, 2006
11   *Fire statistics monitor,* Communities and Local Government website, 2006

6

or more GCSEs at A* to C and the national average narrowed from 9.9 percentage points to 6.3 percentage points. And the gap in the employment rate reduced from 6 to 5.2%.[12]

But challenges remain

6.12 Despite these encouraging improvements challenges remain. The current system has been most effective in tackling the most significant cases of under-performance. As might be expected, local authorities that are rated as one star under CPA have improved at a faster rate than those with three or four star CPA ratings. However, both one star and four star authorities' rates of improvement have slowed over the last year.[13] And there are 33 single tier and county councils who have never moved up a CPA categorisation.

6.13 The success of individual approaches to target-setting, inspection and monitoring has led to a proliferation of separate performance arrangements. For local government and its partners, the total impact of these different regimes appears unbalanced – with 80% of reporting focused on meeting top-down requirements – and burdensome – with approximately 600 elements in the system, from plans to indicators, to monitoring events or inspection activity.[14] Also, the current separate performance frameworks for individual services can pull individual partners in different directions, making it harder to secure improvements in outcomes which require complex delivery chains with effective joint-working.

6.14 The Government's *Devolving Decision-Making Review* in March 2004 supported the case for a radical increase in local discretion,[15] concluding that:

> The pace of public service improvements will quicken if there is a substantial reduction in external targets and controls beyond PSAs. This approach should clarify the Government's true priorities, so increasing the likelihood of achieving them. At the same time, it provides the freedom and responsibility for schools, hospitals, police forces and local authorities to tailor their services to the needs of their communities and to develop priorities that reflect needs across local areas.

6.15 We have not achieved a sufficient shift to prevention and early intervention in the delivery of public services. These are often the services that matter most to the most disadvantaged or vulnerable members of society. The Government's green paper, *Every Child Matters* noted:

---

12   Neighbourhood Renewal Unit – floor targets interactive
13   Local and Regional Governance Research Unit analysis, Communities and Local Government, 2006
14   *Mapping the local government performance reporting landscape*, for Communities and Local Government, July 2006
15   *Devolving Decision Making Review 1 – Delivering better public services: refining targets and performance management*, HM Treasury & Cabinet Office, 2004

Key causes of fragmentation locally are separate targets, planning requirements, funding streams, and inspection systems nationally. An underlying cause of local fragmentation is conflicting messages and incentives at national level. Organisations are exhorted to work together but the targets, plans and inspection regimes focus on how institutions work in isolation.[16]

6.16 We therefore intend to implement, in the next three years, a new performance framework covering all the outcomes secured by local authorities working alone or in partnership with others. Separate performance frameworks will continue to operate for partners, for example Primary Care Trusts, police and Jobcentre Plus. The Youth Justice Board (YJB) will also maintain its performance management (and funding) role in relation to Youth Offending Teams (YOTs). However, these separate arrangements will, where necessary, be reformed to ensure that they align with the performance framework for partnership-working with local authorities that we are proposing here. This framework will be appropriately modified for the Greater London Assembly and its functional bodies to reflect its unique circumstances.

Strengthening accountability to citizens and communities

6.17 Chapter two sets out in detail our proposals for empowering citizens and communities, and for personalising service delivery through:

- extending choice in local services;

- giving local people more say in running local services;

- encouraging authorities to provide local people with prompt information on the quality and performance of local services;

- giving people a new right to an answer when they put forward suggestions or demand action from their local authorities;

- a range of measures to enable citizens and communities to take on management of key assets, facilities or services; and

- improving the development and co-ordination of support for citizens so they can make the best use of these opportunities.

6.18 As these opportunities are taken up, they will create more powerful 'bottom-up' pressures to drive improvements in services. Other elements of the performance framework therefore need to be aligned behind these mechanisms, to ensure that commissioners and providers can respond swiftly and effectively to these pressures. We will achieve this primarily by:

16   *Every Child Matters*, DfES, 2003

6

- clarifying responsibilities for local authorities and their partners to respond and report to citizens;

- developing LAAs as the means of securing national priorities locally in a co-ordinated way, allowing more space for local prioritisation;

- ensuring independent assessment and inspection are more reflective of and responsive to citizen and user views; and

- setting out a clear ladder of support and intervention of responses to under-performance.

Greater responsibility for local authorities to secure improvement, themselves and with partners

6.19 There has been a remarkable shift in culture in local authorities in the last five years, with a much stronger focus on performance management and effective leadership on delivery.[17] More recently, the evidence of the first two rounds of LAAs has demonstrated that the need for local partners to come together to negotiate and then deliver these agreements has started to transform the nature and strength of these partnerships.[18] While in many areas there is still much work to be done, this provides a strong basis to build on.

6.20 In addition, the LGA has committed to developing a cross-sectoral responsibility for challenging performance and supporting improvement.[19] We will work with them in developing specific mechanisms to achieve this. This will build on the improvement partnerships authorities have formed in every area to provide peer challenge and support, with specific commitments to help weaker councils. While self-challenge and sectoral-challenge will never be sufficient on their own to provide assurance about performance and improvement, the stronger such mechanisms can become, the more reliance will be able to be placed on them.

6.21 In addition to strengthening democratic accountability (see chapters two and three), we will reinforce accountability to local citizens and service users by making changes to best value requirements. We will also promote improvements in strategic commissioning and the better use of competition and alternative providers as a driver for innovation.

---

17   *Long-term evaluation of the Best Value Regime: Final Report* (Executive Summary), Communities and Local Government, 2006

18   *A Process Evaluation of the Negotiation of Pilot Local Area Agreements*, ODPM, 2005; *Local Area Agreements Research: Round 2 negotiations and early progress in Round 1*, Communities and Local Government, 2006

19   *Close to People and Places – a new vision for local government*, LGA, 2006

The duty of best value

6.22 Since 2000 local authorities and other best value authorities have been under a duty to make arrangements to secure continuous improvement in exercising their functions. The duty of best value and its underlying principles will remain at the heart of the performance framework. But, drawing on the experiences of best value authorities, we will reform elements of best value. We will relax those more prescriptive process requirements, whilst sharpening the focus on two key areas where best value has not had the impact envisaged – citizen engagement and competition.

6.23 Accordingly, we will remove the requirements for best value authorities to prepare Annual Best Value Performance Plans and conduct best value reviews. Planning and reviewing services is a critical part of local performance management but research has shown that prescriptive statutory requirements are unnecessary.[20] We will also exempt all parish councils from best value, applying the principle of proportionality.

6.24 Reflecting the importance of citizens as the shapers of services, we will build on the current duty of best value to ensure that best value authorities (except for police authorities) take steps, where appropriate, to secure the participation of local citizens in their activities. Our proposals for the new duty are set out in detail in chapter two.

6.25 We will also encourage local authorities to strengthen their approach to competition, by testing the competitiveness of services and, where services are under-performing, introducing fair and open competition where practical. Our proposals are set out in more detail in chapter seven.

Reporting to citizens

6.26 Meeting the duty to secure the participation of citizens will depend in large part on providing citizens with accurate, accessible and up to date information on service performance. Only with this information can local people effectively hold public service providers to account for their performance.

6.27 Some local authorities have developed sophisticated local information systems to collate and analyse data about their area and citizens. This can be a powerful tool for targeting activity and improving decision-making. We will look to support work in this area.

---

20   *Long term evaluation of the Best Value Regime: Final Report* (Executive Summary), Communities and Local Government, 2006

6

6.28 In particular, 'real time' information on performance can allow service providers to take swift action to correct problems and improve delivery. It also allows local people to make informed decisions about the quality of services and the performance of service providers. Decisions about real-time reporting must balance speed and accuracy. Audited information will still be necessary to provide assurance on key data, but robust systems for data quality management can reduce delays in publication whilst still ensuring that accurate information is available to improve decision-making.

Improving strategic commissioning and the use of alternative providers

6.29 Evidence from the best value evaluation shows that of the '4Cs' – challenge, compare, consult and compete – challenge and compete have been least well or widely applied.[21] It also shows that where used effectively, these can be powerful drivers of significant improvement in performance.

6.30 This is not about a simplistic approach to outsourcing or a return to Compulsory Competitive Tendering. Rather, the focus now is on a more holistic approach to the 'commissioning' of services. Chapter five sets out the need for local authorities and their partners to focus on the whole commissioning cycle, including joint commissioning where this is the best way of achieving the desired outcomes. Chapter seven sets out proposals for developing markets and supporting new providers, using competition and contestability, and ensuring open and fair competition. Implementation of these agendas will provide important drivers for improvement within the system.

Clarity about national outcomes and priorities

6.31 Government will set out a single set of national priority outcomes for local authorities working alone or in partnership, reflecting decisions in the Comprehensive Spending Review (CSR07). They will be measured by a single set of national indicators against which all relevant partners will report. Local improvement targets will then be agreed with local partners through LAAs, covering key local contributions to central Government's priorities. These will sit alongside any additional targets that the local partnership, in collaboration with communities, wants to set to reflect other local priorities. Our aim is to ensure that all local partners use the same set of indicators to measure joint outcomes and that, where targets are set, the same targets will apply to all relevant partners. The diagram (see below) is indicative of how this will work.

21   ibid

6.32 Existing responsibilities to meet any statutory duties are unaffected by these arrangements, for example in duties to promote equality or those in the Animal Health Act 1981. Where statutory functions incorporate requirements to report to Government, such as those in the Traffic Management Act 2004, we will work to align these performance management arrangements with the new framework.

The national indicator set

6.33 At present there are between 600 and 1,200 indicators against which areas must report to central Government. Our aim is to reduce radically the number of these national indicators to around 200 against which all areas will report. This single set of indicators, which will draw from existing indicators where appropriate, will replace other sets of performance indicators applying to local authorities and the services they deliver in partnership with others – such as BVPIs, social care Performance Assessment Framework (PAF) indicators and other programme-specific indicators.

6.34 Wherever possible the national indicators will be outcome measures, with output or process measures used only where absolutely essential and where they are robust proxies or lead indicators. The aim will be to avoid input measures. A modest number of indicators may be needed in relation to specific delivery programmes (for example children's centres and extended schools). Indicators will be clearly defined, including scale (for example neighbourhood, district, county) and frequency of reporting. They will include convergence measures (measuring the gap between the most disadvantaged people and places and the average) where appropriate. We will consider carefully the need to disaggregate data provided against individual indicators (for example by ethnicity, gender, disability) to establish performance relative to specific groups. The national indicator set will include a small number of 'citizen satisfaction and perspective' measures which we will work with local government and others to develop.

6.35 There will be a need in some cases for local authorities to report limited additional information to central government, for example on:

- financial reporting – information collected for the management of the national economy and the operation of the local government finance system;

- data returns – where a change in trend at the national level would necessitate a change in central government resource or a change of national policy direction.

6.36 We will establish mechanisms for controlling the totality of such requests. The YJB will continue to require reporting from YOTs, but will be seeking ways to streamline these requirements and align them wherever possible with this framework.

The Outcomes-Targets-Indicators Framework

6

Improvement Targets

■ = non-negotiable target (universal local targets where government determines that an equal level of improvement is required in all areas)

■ = floor target (where minimum standards are not being met, these targets will specify the amount and/or timescale for improvement up to such standards)

■ = negotiable target (issues for negotiation will be whether or not to have a target or the level it should be set. The negotiations will be aimed at balancing national requirements and local circumstances, performance and priorities)

□ = local priority target (set by LAs and partners. Not subject to upward reporting or monitoring by central government)

* A few key national citizen satisfaction and perspective indicators in addition to any used as outcome indicators, eg satisfaction with place; perception of influence

** Whether any indicators or local targets are established and what form they would take will be confirmed as part of the CSR07 announcement.

6.37 We will work with local authorities and others to make it simpler to collect and report information, and to make it easier for others to use this data. The aim is to 'report once – use many times'.

6.38 Earlier this year, the Government announced the creation of a practitioner group – the Lifting Burdens Task Force – chaired by Michael Frater, to consider the information requirements placed on local government and their partners by central Government. It will identify which requirements cause the most difficulty on the ground and which add the least value, and agree packages of burden reduction with Government. The Task Force has started its work by focusing on Communities and Local Government responsibilities and will make its first report by the end of 2006.

Setting and managing delivery of targets through Local Area Agreements

6.39 LAAs will be further developed to provide the instrument through which central government and local authorities and their partners agree a limited number of improvement targets for each area. By limiting the number of targets in each LAA to around 35, plus the statutory early years and performance targets from the Department for Education and Skills,[22] we will create more space for local flexibility and responsiveness. LAA targets will generally be negotiated to balance local priorities and levels of performance with national improvement priorities. There will be some circumstances where Government will want to insist on particular targets – either to reflect national priorities that apply in all areas or where performance has fallen below a national minimum standard. Local authorities and their partners may also agree additional improvement targets reflecting other local priorities and include these in their LAA should they wish to, but will not be required to report on these to central Government.

6.40 Making priorities and targets much more specific to each area is a key part of a more tailored relationship between local authorities, their partners and central Government which takes account of each place's particular challenges and ambitions. Government Offices (GOs) will be responsible for co-ordinating central Government's relationship with each area. This will include leading on the negotiation of improvement targets in LAAs, reviewing progress and, where necessary, co-ordinating action to respond to underperformance.

---

22   Regulations made under s102 of the Education Act 2005 and s1 of the Childcare Act 2006 set or require local authorities to set targets. There are currently 18 such targets. The Secretary of State will explore the possibility of a reduction in this number over time

6

6.41 GOs will work closely with the rest of central government and other bodies that have a role in challenging or supporting improvement, including the Audit Commission and service specific bodies like Strategic Health Authorities. The GOs are being transformed to perform this role in line with the Government Office Review.[23]

6.42 Local authorities will report annually on performance against the targets in the LAA. This will include reporting to central Government on improvement targets agreed against national priorities, but should also provide a basis for reporting to local people on progress against all the priorities and targets identified in the LAA. This report should reflect a robust self-assessment of progress during the year and risks for future delivery.

6.43 The Audit Commission and other inspectorates will consider the report as part of their Annual Risk Assessment (see below). This will in turn inform an annual review meeting co-ordinated by the GO and including Government departments, as necessary. This review will determine the nature of the ongoing relationship with the Local Strategic Partnership (LSP) and individual partners and the response to any areas of risk or underperformance, including any need for more frequent reviews of progress. This annual review will also provide an opportunity to make any necessary changes to the LAA to reflect changes in local circumstances or in national priorities. But the aim will be to secure the continuity needed to plan for and deliver improvements.

Risk-based and proportionate external assessment and inspection

6.44 External assessment and inspection are valuable mechanisms for providing challenge and assurance on local delivery. However, public service inspection is only one pressure in the wider performance framework and should be co-ordinated and proportionate to risk. The Budget 2006 outlined our intention to work with inspectorates "to assess more fully the scope for reducing inspectorate expenditure by around a third over the medium term as overall inspectorate activity is reformed, rationalised and ultimately reduced."[24]

6.45 Between November 2005 and March 2006, the Office of the Deputy Prime Minister consulted on local services inspection reform.[25] An analysis of the consultation responses is available on the Communities and Local Government website at www.communities.gov.uk/inspectionreform. We now propose changes

---

23   *Review of Government Offices*, HM Treasury & ODPM, 2006
24   *Budget 2006 A strong and strengthening economy: Investing in Britain's future*, HC 968, TSO, 2006
25   *Inspection Reform: the future of local services inspection*, ODPM, 2005

to inspection and assessment to provide a more proportionate and tailored approach to local areas that recognises their unique challenges and varying capacity to improve.[26]

6.46 CPA has been a powerful driver of improvement in recent years. However, we recognise that in the light of these improvements and of the range of other pressures in the new performance framework a new approach to assessment and inspection is needed in future. From April 2009, we will build on CPA with a system based on a combination of risk assessment, largely risk-triggered inspection, and audit. The new regime will be known as the Comprehensive Area Assessment (CAA). Children's Services Joint Area Reviews and Annual Performance Assessments, and social care star ratings will not continue beyond March 2009.

6.47 The need for clear information – for citizens, local authorities, partners and Government – about delivery in an area, including comparability with performance in other areas, remains critical. Alongside annual publication of the performance of all areas against all the measures in the national indicator set, there will be the following published judgements of performance and capacity in an area:

- an annual risk judgement, covering risks related to outcomes, services and organisations in the area, and the extent to which these risks are being effectively managed;

- a scored Direction of Travel judgement for each local authority, assessing the pace of improvement and the likelihood that this improvement will continue;

- a scored Use of Resources judgement for every local authority, primary care trust and police authority, assessing organisational effectiveness and how well they use resources to support priorities and service improvements; and

- judgements from any inspection activity flowing from the risk assessment.

6.48 We will ask the Audit Commission to ensure that audit and inspection have a greater focus on citizen experience and perspectives, and that the results of audit, assessment and inspection become more publicly accessible.

---

26 The changes we propose do not impact on regulatory inspection (for example of care homes), inspection of institutions (for example schools, prisons) or the corporate effectiveness of public sector bodies other than local authorities

6

Judgement on risks

6.49 The annual risk assessment of local services in each area will be undertaken jointly by the relevant public service inspectorates working together, led by the Audit Commission. They will draw on information from other regulators, government departments and Non-Departmental Public Bodies as necessary. A risk judgement will be drawn annually from the risk assessment and published for every area. We will ask the Audit Commission to work with the other inspectorates to develop and trial a methodology for undertaking this risk assessment, so that it is ready for full implementation from April 2009. This risk assessment will cover risks to delivery and the effectiveness of action taken by local partners in response to those risks.

Judgement on 'Direction of Travel'

6.50 The Audit Commission will also continue to publish an annual Direction of Travel judgment for every local authority, highlighting capacity for improvement. This will be based on the local authority's track record of improving outcomes, including through its place-shaping role and work with partners, and the progress made in implementing improvement plans. It will be scored for comparability between authorities.

Judgement on use of resources

6.51 Since 2005, the Audit Commission has drawn up a Use of Resources judgement for local authorities, examining financial and corporate management. Similar judgements are being introduced for Primary Care Trusts and police authorities from 2006.

6.52 These judgements will continue in the new performance framework, providing public, independent assurance about organisational effectiveness. They will be scored to enable comparison between different authorities. We will explore with the Audit Commission how they can be developed, without expanding the cost and burden, to include consideration of an authority's commissioning and procurement capabilities, including as far as possible the application of key third sector compact principles on funding.

6.53 Whilst there will no longer be a single performance mark, both the Use of Resources and Direction of Travel scores will be in a form that enables comparison of performance on these areas across authorities. Together with the publication of authorities' performance against national indicators and the risk judgment, these performance comparisons will continue to act as a driver for further improvement.

Inspection primarily triggered by the risk assessment

6.54 The relevant inspectorates will determine the need for inspection primarily on the basis of the risk judgements, and will carry it out individually or jointly as appropriate. The relevant public services inspectorates will each have a statutory duty to co-operate with each other and to manage the burden of inspection on individual organisations within their sector. The Audit Commission will be the gatekeeper for all inspection affecting local authorities.

6.55 There will be few programmes of automatic rolling inspection in future. Any such programme that is agreed will incorporate proportionality in individual inspections. Such programmes might be needed in situations where the protection of particularly vulnerable groups, such as children in care, cannot be assured without some regular on-the-ground review, or where the inspection is a means of driving a system-change.

Support for improvement and robust responses to poor performance

6.56 Strong, effective local organisations and local partnerships will be needed to deliver the outcomes that national government and local people want to see. We will work with local government to agree an improvement strategy, seeking to build the capacity of local authorities and their partners. Particular attention will be needed to ensure that local partnerships have the capacity to analyse problems, set robust targets, agree and implement delivery plans and manage performance.

6.57 Support for improvement and responses to poor performance will be tailored to the nature and severity of any problem. Our approach will ensure that there is capacity for major external intervention where such action is necessary, but also that we build up arrangements for earlier, more effective interventions that can prevent serious failure arising. The emphasis will be on action tailored to drive rapid and sustainable improvement, focused wherever possible on sector-owned and driven activity.

6.58 Where performance is low and costs are high, we would expect that consideration would be given to recommissioning services, including identifying alternative providers. Such recommissioning may be initiated within the local authority, partner or partnership concerned, or may be prompted by external action such as sectoral pressure or Government's use of statutory powers

6

6.59 To improve effectiveness and co-ordination, existing frameworks for improvement and intervention focused on distinct service areas, local partners or partnerships will be co-ordinated and aligned with the approach set out below.

(i) Sectoral improvement support

6.60 Support and advice from within the local government sector and other sectors involved in local service delivery is the first source of external support for a local authority and partners.

6.61 In order to get better value for money and impact from current investment in improvement support and capacity building, Government will seek to agree with the LGA a national improvement strategy to identify investment priorities and ensure that this support is efficient and effective. We will continue to support the improvement partnerships set up by local government and will merge them with local government Regional Centres of Excellence. Our aim is to provide a co-ordinated source of support for local authorities and local strategic partners.

6.62 We will look to develop innovative methods for incentivising and encouraging authorities to use their expertise to help other, underperforming authorities – learning from recent experience, such as the Kent County Council 'franchise' with Swindon.

6.63 We also welcome the LGA's commitment to develop sectoral challenge and improvement support and, where it is successful, we will build it into our responses to underperformance.[27]

(ii) The co-ordinating role of Government Offices

6.64 GOs will work closely with central departments, inspectorates and other bodies that have a role in challenging or supporting improvement. Where underperformance is not being addressed quickly and effectively at the local level they will agree appropriate action, taking account of evidence from risk assessment, inspection and performance indicators.

6.65 Any action agreed will reflect the nature and urgency of the problem and may range from further sector-led improvement support, to inspection, or – in the most serious cases – statutory improvement action. GOs will coordinate and monitor any action taken to ensure priorities are addressed and undue burdens are not placed on local partners by conflicting demands.

27   *Driving improvement: a new performance framework for localities*, LGA, 2006

(iii) Inspection

6.66 The need for targeted inspection will be determined by inspectorates, generally as part of the annual risk assessment. GOs and departments may ask for inspection where further investigation is needed before a decision can be made about appropriate improvement action.

(iv) Referral to the Secretary of State

6.67 If problems are severe, the appropriate Secretary of State may decide to formally intervene, informed as appropriate by any findings from Inspectorates and advice from GOs and other relevant bodies. A range of further intervention actions could then be taken, depending on the nature, scale and severity of the issues. For best value authorities this action may be taken using powers in the Local Government Act 1999. For some partners, and for some particular service areas, parallel intervention powers may be used. For policing, the approach is set out in the provisions of the Police and Justice Bill 2006.

(v) Improvement Notices

6.68 Improvement Notices will be introduced to address significant or enduring underperformance in a single body or across partnerships. They will be issued by the appropriate Secretary of State to the relevant local partners, specifying the issue of concern; the level of improvement required within a particular timeframe, including any milestones and the next steps that will be taken if this is not achieved. Progress will be monitored by the GO and other relevant bodies, and further actions taken if the terms of the Notice are not met.

(vi) Directive Action

6.69 In cases where more directive action is required, the appropriate Secretary of State, taking account of advice from GOs, other relevant bodies and Inspectorates, may direct the organisation to take specific action to secure recovery. Agreement to issue a Direction will require collective approval from departments with an interest. This will ensure a co-ordinated Government approach to all the actions proposed and will prevent conflicting or unco-ordinated improvement demands which make it harder to secure the improvements that are needed.

6.70 Where statutory directions are needed in relation to a partnership issue, we propose to put in place arrangements to provide central Government with advice, where needed, through a Local Services Intervention Panel. It will draw on senior experience of local delivery across partnerships and provide practical advice on the best way of tackling failure.

6

(vii) Removal of functions

6.71 For best value authorities, removal of functions is the most extreme step on the ladder of improvement support and intervention, only to be taken in the most serious circumstances. Where a Direction is failing to secure improvement, the appropriate Secretary of State, may appoint a nominee to exercise certain specified functions of the authority, using powers in the Local Government Act 1999. Parallel powers may be used where they exist for particular service areas or local partners.

Conclusion

6.72 Improving the performance of public services will always be a priority for central and local government. We owe it to local people to provide the best possible services and to consider continually how we can adapt and improve services so that they reflect the evolving needs of citizens and communities. An emphasis on performance also helps to pinpoint where there are problems so that early action can be taken to tackle them. And open, transparent easy-to-access performance systems support democratic accountability, show the value that local people are getting from investment in public services and reinforce the efficient use of public funds. Increasing and incentivising efficiency within local government and other local public agencies is the theme of the next chapter.

Efficiency – transforming local services

7

Our ambition

7.1 Everyone wants to see improvements to their local schools, hospitals, libraries and parks. They want, rightly, to be able to access the best possible services, shaped around their community's needs, at times that suit them. But they do not expect to have to finance that change through excessive tax increases. And nor should they. Our aim is that every local authority, working with its local partners, will be able to radically improve local services and drive forward efficiency.

7.2 By 1997, public services had suffered through under-investment and neglect. Many local services were not meeting the needs of local people and provided poor value for money for taxpayers. This was partly down to the bureaucratic and process-driven Compulsory Competitive Tendering (CCT), which had stifled opportunities for innovation and limited procurement and performance management skills to those required for compliance with the regulations.[1]

7.3 We replaced CCT with a new performance framework, best value. This has required a rigorous approach to securing value for money across all services and achieving better outcomes, rather than complying with narrow processes. It provided a framework for making the right local choices on service delivery – requiring councils to challenge and review services and to choose the best option for delivery. Crucially, it put councils back in control of securing quality services.

7.4 In 2003, we jointly published with the Local Government Association the National Procurement Strategy (NPS).[2] This recognised that procurement was undervalued,[3] yet it was vital in securing better services and value for money.[4] The strategy set challenging milestones for authorities in adopting better and more sustainable procurement practices. We also established nine Regional Centres of Excellence (RCEs). Owned and run by authorities, they spread good practice, lead

1   *Local authority experience of compulsory competitive tendering, Local and Central Government Relations Research*, Joseph Rowntree Foundation, 1995
2   *National Procurement Strategy for Local Government in England* (2003-2006) ODPM, 2003
3   *Local Authority Procurement: A Research Report*, DETR, 2000
4   *Competitive Procurement*, Audit Commission, 2002

on sustainable procurement and are supporting over 300 local authority projects. In addition, 59 per cent of local authorities are now involved in joint procurement, and 32 per cent of local authorities are involved in creating a shared procurement function.

7.5 The Local e-Government Programme has also changed the local authority service delivery landscape in England, with over £1.1 billion of efficiency gains identified to date.

7.6 These developments have delivered big improvements. Current evidence suggests that councils are likely to meet the Government's local authority 2007-08 efficiency target of £3.0 billion, a year ahead of schedule.[5] But people's expectations of public services are rising and the financial climate is changing, putting pressure on authorities to deliver highly tailored services, without massive investment from central government, or excessive council tax increases.[6]

7.7 In order to deliver the transformed services and value for money that communities want, councils will have to challenge traditional methods of delivery, rooting out waste, in order to drive efficiency.

7.8 The best local authorities are already doing this. But we need to increase the pace of change. This will mean local authorities and other public bodies working together to overcome administrative boundaries that sometimes act as a barrier to service transformation. It will mean sharing assets, systems, data, skills and knowledge more effectively, and keeping all council activity under review to drive out waste.

7.9 We see cross-sectoral working as a key element of delivering more efficient services. Chapter five of this White Paper provides a focus for local authorities acting as place-shaper and leaders of their communities and creates a framework for greater co-operation between local agencies through Local Area Agreements (LAAs). We expect local partners to consider as a priority how they can maximise the opportunities that LAAs provide in collectively driving efficiency and thus achieving better outcomes for citizens.

7.10 This chapter provides a framework to support local authorities who are working hard to improve delivery and efficiency. It offers them new tools and increased flexibility to innovate. And it sets out effective challenges to those local authorities who are underperforming. Proposals include:

---

5   Analysis of the Annual Efficiency Statements for 2004-05, 2005-06 and 2006-07
6   *All Our Futures: The challenges for local governance in 2015*, ODPM, 2005

- requiring **ambitious efficiency gains** to be achieved by local authorities over the next few years as part of the 2007 Comprehensive Spending Review (CSR07), necessitating a more radical and ambitious value for money programme, with effective and direct challenge for poorly performing or coasting services;

- securing **more collaboration** between local authorities and across all public bodies, where this improves effectiveness and efficiency, and **ensuring that administrative boundaries do not act as a barrier to service transformation and efficiency;**

- driving a more extensive use of **business process improvement techniques**, including new technology, to transform service delivery and focus services around the needs and preferences of users;

- ensuring **greater contestability through the use of fair and open competition** in local government services markets;

- providing a **foundation of stable finance**, which will enable authorities to plan better, publish three-year council tax projections and provide more stable funding for partners in the third sector; and

- providing **expert support** to councils and their partners to meet their efficiency challenges, through a streamlined and co-ordinated approach to building capacity.

Transforming local services through efficiency

7.11 We expect all local authorities to continue to drive down costs, but this is just part of the picture. Transformation and efficiency are just as much about delivering the right services to communities – services that meet their needs and which they will use and value.

7.12 We are already seeing progress in some areas. Customer service centres have transformed the way many local authorities handle customer contact, while reducing costs. New technology is helping local authorities to revolutionise service delivery. Some local authorities are working more closely with local partners and central government to offer more effective and efficient services. But local people are hungry for more.

7.13 To meet this challenge, all local authorities must adopt a strategic approach to service delivery. Our proposals in chapter five to strengthen the strategic commissioning role for authorities will ensure that they start from an understanding of the needs and preferences of users, adopt best practice in service

design, assess the full range of service delivery options, and implement optimal solutions that balance quality and value for money. Local authorities must work closely with local partners, utilising the capacity of the best service providers in the public, private and third sectors.

7.14 This change should also contribute to the creation of prosperous, cohesive communities, improving long term outcomes for socially excluded groups and supporting a sustainable physical environment. For example, by developing a strategic vision for energy use, authorities can deliver sustainable housing, ensure vulnerable people have warm homes, tackle road emissions and make use of renewable energy with major efficiency gains.

7.15 The Cabinet Office discussion paper *Transformational Local Government*, produced in collaboration with local government, set out a number of prerequisites for driving service transformation.[7] We will build on this, through a series of proposals set out in the rest of this chapter according to the following themes:

- business process improvement and flexible working

- collaboration between public bodies

- use of technology, including information sharing

- smarter procurement

- competition

- asset management

- stable finance

- challenge

- support

Business process improvement and flexible working

7.16 Significant improvement to services can be achieved by reviewing and reshaping the way public providers currently operate – techniques and methods typically given the umbrella term 'business process improvement' or 'BPI'.

---

7   Published 2006 the aim of the paper is to trigger a conversation across local government about what 'transformed local government', supported by modern technology, should look like

7.17 Organisations employing these techniques routinely scrutinise delivery in order to drive out wasteful activity. The Department of Health's work with Regional Centres of Excellence and practitioners has identified changes to the referral, assessment and care management of patients that remove duplication, eliminate low value activity, free up frontline staff, improve information management and cut transaction costs.[8]

7.18 Local authorities are securing quality and cost improvements of up to 20% by adopting similar approaches:

- by better understanding what activities their staff performed in relation to their purchase-to-pay process, Basingstoke and Deane Borough Council was able to bring down the average overhead cost of purchases from over £92 per transaction to £11; and

- Peterborough City Council implemented a mobile system for housing repairs and maintenance using Personal Digital Assistants (PDAs), which communicate real-time information to back office systems via Global Packet Radio Service (GPRS). This meant the authority could improve more homes with 50 fewer staff; an efficiency gain of £1.8 million a year.

7.19 Building on work initiated in the North West e-government partnership with Blackburn with Darwen Borough Council, we will further support effective use of BPI techniques through a project we are carrying out in partnership with local government.[9] We will ensure that the lessons learnt from this project are fully shared across local government, as part of an integrated package of improvement tools also covering technology and collaboration – a 'Business Improvement Package'.

Collaboration

7.20 There are significant opportunities to improve the quality and efficiency of services by joint working – either between some of the 388 councils in England, with other local public bodies, or at a regional or national level. We want all local authorities to unlock these potential benefits by delivering more services in collaboration with each other, with other local public service providers and with the private or the third sector.

---

8   Department of Health Care Services Efficiency Delivery Programme
9   The National Process Improvement Project is involving RCEs, local authorities and other partners in piloting recognised techniques to assess efficiency gains, enabling detailed guides to be established on how to achieve sustainable service improvement

> **The 'Public Service Village Partnership'**
> The Public Service Village Partnership in Suffolk brings together county and district authorities, Suffolk police, West Suffolk College, West Suffolk Primary Care Trust and Suffolk Magistrates Court. It seeks to unify the range of customer services across the organisations – improving customer access to services and creating a one-stop-shop for all of the organisations. It achieves lower costs through rationalising accommodation and administration and taking advantage of joint procurement power.

7.21 The potential benefits of collaboration for common transactional services have long been recognised, but frontline services can also benefit from partnership working and sharing. The Innovation Forum's 'Joint Working in Waste' project highlighted the benefits of collaborative working, suggesting possible national efficiency gains of around £150 million. Case studies from waste partnerships in Shropshire, Norfolk, West Sussex, Halton, Warrington and Essex demonstrated substantial cost savings and environmental socio-economic benefits from integration and aggregation.

> **The Shropshire Waste Partnership**
> The Shropshire Waste Partnership brings together the county council and four waste collection authorities. Focusing on the procurement of an integrated contract for the collection and disposal of recycling and waste materials, the partnership aims to improve its recycling and compost 53% of its municipal waste by 2010-11 and 60% by 2020, while the joint procurement could deliver 11% cost gains.

7.22 We are working with local authorities and key stakeholders to gain a better understanding of the benefits of partnership models in relation to particular services. This will include consideration of the case for sharing back office functions, transactional services and other key services, such as waste and social care functions.

7.23 We will work with public agencies to establish a number of pathfinder projects to spread and extend best practice. The aim will be to standardise business case information, develop benchmarking data, and test the scale and effectiveness of delivery models. The pathfinders will also test opportunities in the new performance framework and strengthened LAAs to promote and deliver partnership working within and across local authorities boundaries.

7.24 Many efficiency improvements can be secured by joint planning, sharing resources and skills, aggregating demand and sharing services across a larger area. This can present a particular challenge to smaller district local authorities, compounded in some two-tier areas by a sense that organisational boundaries can take priority over the most effective ways of delivering services. Many local authorities are already breaking down these barriers and as a result are delivering improved services and

greater efficiency. Where two-tier government remains we expect to see this 'virtual unitary' approach.

Use of technology

7.25 Technology is one of the most important tools for transformation. It can improve the life chances of socially excluded people by increasing opportunities to intervene and tackle emerging problems; help to deliver information and services in different ways; provide connections within organisations and partnerships; enable data sharing where appropriate and lawful between key organisations; gather and present information in ways which improve decisions and provide opportunities for staff to work in new ways.

7.26 The Local e-Government Programme has been a successful partnership between local and central government. Government investment of £675 million has put in place the technology infrastructure needed to transform the way local authority services are accessed and delivered, changing users' relationships with their local authority and councillors, while delivering substantial efficiency gains:

- a typical council has 98% of its services e-enabled

- there has been a seven-fold increase in payments made via local authority websites in the last four years

- 113,000 electronic planning applications are expected via the Planning Portal this year.[10]

Technology enabling a seamless service

7.27 Citizens want right-first-time, seamless and accessible services. This is good for public agencies too, reducing the costs of rectifying mistakes and duplication. Services from a variety of public service providers can be brought together at the point of delivery – available in the customer's home via the Internet or in contact centres or community one-stop-shops.

10   Communities and Local Government – Annual IEG statements

Dorset for You

The *Dorset for You* partnership has developed and set up a web portal that will work in conjunction with individual partners' customer relationship management (CRM) solutions. The portal provides a comprehensive service including e-Pay online booking and transactional services, such as online job applications and planning. As a result, the partners have been able to shut down their individual websites.

A similar partnership approach within the *Dorset for You* programme unites the county, all districts councils, two unitary councils and Dorset police in seeking inclusion for the second phase of the Home Office 101 initiative. Calls will be taken by both the county council and the police contact centres who will answer queries on behalf of all partners.

7.28 We will work with key technology partnerships, such as Government Connect,[11] the Digital Inclusion Team, the Digital Challenge Inclusion Network and other stakeholders to learn from good practice and incentivise joined-up access to services and their seamless delivery.[12]

7.29 We are currently reviewing the transformational government agenda and how channel delivery can be made more responsive to citizen and business need. Combined with proposals in this White Paper, the findings of Sir David Varney's review will seek to provide further opportunities for local and central government and other providers to work more closely together on customer centred services.

7.30 The ability of public providers to share information from citizens will be vital. It reduces duplication, enabling resources to be redeployed to value-adding activity. Government Connect will develop a system that enables citizens to authenticate themselves once, supporting the vision of the emerging management strategy led by the Identity and Passport Service. Citizens will be able to use this authentification to support further transactions with public organisations – removing the need to supply the same information to different providers. Common technology and clear protocols will create a secure and stable platform enabling a range of agencies to share information safely – nationally, locally and between tiers – whilst protecting individuals' rights.

Channel migration

7.31 Few local authorities understand the unit costs of delivering services by different delivery channels – or have a plan for moving customers to the most efficient ones.

---

11   The Government Connect programme is looking to provide a secure bridge between local authorities and central government that will allow any sensitive information to be transferred online, quickly, easily and accurately

12   www.digitalchallenge.gov.uk

> ***Tameside Metropolitan Borough Council***
> Tameside Metropolitan Borough Council has measured unit 'costs to serve' for transactions over different types of access channel. In 2005-06, face-to-face contact cost £16.20, whereas a website transaction cost just 12 pence. They have set quality thresholds for each service and set about improving processes and encouraging customers to use appropriate channels. They have succeeded in managing their business more efficiently while providing the same or better service, during a time when the total number of customer contacts has risen.

7.32 We must accelerate the adoption of good practice, building on the national momentum created by the 'Take-up Campaign' to boost the number of citizens and local authorities using the new channels for service delivery.[13] We have published a report looking at how to build on the examples of Tameside and others, showing how channel migration can be managed, while ensuring the customer has a strong voice in securing better delivery of their services.[14]

7.33 The results of our work on supporting customer-focused services, migration of customers to cheaper delivery channels and understanding unit costs will all be published as part of the Business Improvement Package in early 2007.

Smarter procurement

7.34 Sir Ian Byatt's Review of Local Government Procurement in England highlighted the key role of procurement in providing high quality services and its potential to extend choice.[15] It led to a framework through the NPS for taking forward improvement and change. Five local authorities were awarded Beacon status in 2006 to further support the delivery of the targets laid down in that framework.

> ***Leeds and Plymouth City Councils***
> Leeds and Plymouth City Councils through two Supporting People Value Improvement Projects, have collaborated on the development of a step by step guide to the procurement of services for vulnerable people. This has involved applying a range of mainstream procurement tools and techniques to housing related support and social care services for the first time. The results have been compelling: significant improvements in the quality and availability of those services and substantial improvements in value for money. We plan to launch the Procurement Pack, in conjunction with the Care Services Improvement Partnership.

---

13   See www.communities.gov.uk/takeup
14   www.nwegg.org.uk/interface/view_document.asp?id=1418
15   *Delivering Better Services for Citizens*, DTLR, 2001

7.35 Three critical aspects of effective procurement are addressed in the next section:

- the use of e-procurement
- understanding spend
- aggregating procurement demand.

e-procurement

7.36 A relatively straightforward way of delivering e-procurement efficiencies is through the use of procurement cards. Around 20 million invoices are processed manually by councils every year, at an average cost of £10 per transaction. It is estimated that 20% of these could be migrated to procurement cards, generating efficiency gains of £40 million.

> ### Kent County Council and e-auctions
> Kent County Council has changed the way in which it pays suppliers of care management services. Using purchase card technology through the Royal Bank of Scotland's transaction data matching system, the local authority is paying an estimated £50 million per year through twelve payments to RBS, instead of processing 30,000 transactions manually, achieving £700,000 of efficiency gains in the administration of social care.
>
> The first wave of national e-auctions has generated efficiency gains of almost £13 million, worth an average saving of 27% on each contract. With an investment of only £137,000, this represents a return of £94 for every pound of investment. Management of the e-auctions was made possible by government funding through the RCEs.

7.37 The effective use of e-marketplaces can also help local authorities dramatically improve their procurement processes. It imposes an organisational structure and approval process for all purchases which leads to: reduction in "maverick" spend; improved contractual arrangements with more competitive prices; an improved audit trail; improved control over spending; better procurement intelligence with real-time management information and new opportunities for collaborative procurement.

> ### e-marketplace
> Essex County Council expects to save £4.8 million in three years through its use of IDeA:marketplace where the council transacts £10 million of business each month (equivalent to 20% of its non-school and staff spending).

Understanding procurement spend

7.38 Understanding local authorities procurement spend – what they procure, who they procure from, the total value of all their contracts – is critical to identifying the opportunities for greater efficiency. It is also key to understanding the potential environmental, social and economic benefits which could arise from sustainable procurement.

South West Regional Centre of Excellence
The South West Regional Centre of Excellence estimates that local authorities can save £3 million of transaction costs annually. Critical to this is a better understanding of the region's spending profile. An analysis by the South West RCE, covering 35 councils and over 95% of the region's spending, highlighted many new facts such as 22 large suppliers attract 10% of the region's spending and up to 2% (£2.5 million) of gains could be achieved through collaborative relationship management. The region will use this information to develop procurement strategies which are appropriate and targeted to the needs of councils.

Aggregating demand

7.39 Joint procurement can help secure efficiencies by aggregating demand. These arrangements have been used for some time by local authorities as a way to increase efficiency. Local authorities can use their purchasing power to support national and local priorities in areas such as climate change, waste prevention and the third sector. But reaping the opportunities of joint procurement requires local authorities to have a good understanding of procurement spending and the operation of local markets.

7.40 The Office of Government Commerce (OGC) and RCEs have worked closely together and are committed to implementing a national procurement programme for commodities, goods and services. The project will provide reliable benchmarks for every local authority. In addition, the north-west RCE is developing a contracts register which local authorities can use to share or compare common contracts. The south-east RCE has carried out an analysis of the prices offered by 13 consortia for 3,000 items as well as an analysis of prices paid from over 200 sources in the public and private sector.

Supporting further improvement in procurement

7.41 Building on this experience and the ideas featured in the recently published Sustainable Procurement Taskforce report, we will provide further advice to support effective procurement.[16] The aims will be to: utilise technology; develop a more consistent approach to data gathering; increase the use of regional or sub-regional procurement consortia to aggregate purchasing power to secure better deals for local authorities; develop RCEs as a pool of procurement experts who local authorities can turn to for support in driving procurement changes and efficiencies; and work with sector organisations, such as the RCEs, the Local Government Task Force and the OGC, to increase access to good value framework contracts.[17]

---

16   http://www.sustainable-development.gov.uk/government/task-forces/procurement/index.htm
17   Set up in response to Sir John Egan's 1998 *Rethinking Construction* report

Competition

7.42 The introduction of greater competition and the availability of a diverse and innovative supply base supports the delivery of better services. By improving commissioning and procurement processes, local authorities can encourage more providers to enter the market and to compete for contracts.

7.43 Best value will continue to underpin the use of competition in local authority services. The best value authorities are required to secure continuous improvement in the way in which functions are exercised. We will issue one piece of revised guidance which will strengthen the key principles of best value. This will cover the commissioning role of councils, community participation and provide that local authorities should regularly test the competitiveness of their performance in comparison with others. When services are found to be underperforming, where practical, they should introduce fair and open competition.

7.44 Decisions about how a local authority secures services should be based on objective assessment and accurate information. Those making decisions should represent the interests of service users and take any steps necessary to avoid real or apparent conflicts of interest, where their own organisation is competing to deliver the service. Working with local government, inspectorates and the private and third sectors we will build a consensus through a code of practice on competition on the core practices expected in all local authorities and suppliers.

7.45 We will work with the Audit Commission to clarify the current role of the appointed auditor to investigate complaints relevant to their work with local authorities and how this will relate to the other redress mechanisms, such as Community Calls for Action. Where appropriate we will strengthen the auditor's ability to respond to complaints from service providers about unfair and unlawful procurement.

Market development

7.46 We have already undertaken research on the relationship between positive attitudes towards competition and improved service performance[18] and will shortly publish a report on developing the local government services market.[19] Working with local government, commissioners and providers, we will explore opportunities to develop and shape the local government services market, to encourage a diversity of suppliers across the public, private and the third sectors. This will include considering ways to:

18 *Long-term evaluation of the Best Value regime: Summary Report*, Communities and Local Government, 2006
19 *Developing the local government services market to support a long-term strategy for local government*, Communities and Local Government, 2006

- stimulate new markets in order to secure alternative provision and enable both commissioner and user choice in areas of local government which are currently uncontested or not fully contested; and

- increase the capacity and competitiveness in existing supply markets, including streamlining procurement processes and cutting red-tape.

7.47 This will be complemented by sector-specific activities, led by the relevant central government department, working with Communities and Local Government, local government and the private and third sectors. This will build upon the work already undertaken by Government on markets such as children's services, social care and waste infrastructure, and the work of the RCEs.

7.48 The third sector – voluntary, community and social enterprises – will be a key part of this mixed market, bringing with it a wealth of expertise and experience with user groups, as well as innovative and cost-effective approaches to delivery. The Government recently announced a framework to strengthen the role of the third sector in the delivery of local public services, and place them on a level playing field.[20]

Asset management

7.49 Managing assets effectively is vital to achieving cost savings for local authorities and helping them to deliver better outcomes for citizens: disposing of, or improving, underperforming assets, and modernising assets that can be expensive to maintain is key to this. For example, the efficient management of roads is critical to the delivery of other services.

7.50 Asset management was one of the themes of Round Six of the Improvement and Development Agency's (IDeA) beacon councils scheme. Five asset management beacon authorities – Cambridgeshire, Leeds, Ashford, Rotherham and Hertfordshire – have been working with the IDeA to offer a range of tailored support – such as mentoring and visits – to help other local authorities drive improvement in managing their assets.

7.51 The beacons identified six main elements as crucial to effective asset management:

- the need to integrate asset planning with corporate planning and the local authority's strategic vision for the area

- key elected members and officers being engaged in decision-making

20 *A framework for strengthening the third sector's role in local public service delivery*, a speech by Phil Woolas MP, Minister for Local Government, to the Three Sector Summit, 2006

- forecasting and meeting future asset requirements being done jointly with key partners and in discussion with the local community

- a structured approach to challenging whether assets are needed and are fit for purpose

- effective data and information management to enable decision-making

- effective project management of major capital schemes.

7.52 Progress has been made. However, there is still some way to go to realise the potential gains of raising performance to that of the best practitioners. We will consider asset management as part of CSR07.

7.53 Better asset management will assist in improving service outcomes. It should also encourage the disposal of underperforming assets, enabling local government to contribute towards the objective set in the 2004 Spending Review for disposals of £30 billion of public assets by 2010-11. In particular, we should look at the benefits and disadvantages of encouraging more transfer of assets to community management or ownership, where this will lead to best value in service delivery and social benefit.

Stable finance

7.54 The Government will ensure that local government is supported by a fair and sustainable finance system. Within that context, it remains absolutely essential that local authorities – in line with the rest of the public sector – are rigorous in managing expenditure pressures. This will require not only achievement of demanding efficiency gains, but also tough decisions on priorities. Government will not allow excessive council tax increases.

7.55 The annual cycle of grant allocations has made it more difficult for local government to budget and manage expenditure. We have already begun the move to three-year formula grant settlements. These will provide local government with the opportunity – which we would expect it to take – of publishing three-year council tax figures. The first full three-year formula grant settlement will cover 2008-2011.

7.56 Greater stability of funding for local government provides an opportunity for a step-change in the funding and procurement relationship between local government and the third sector. This is essential if we are to see a strong and vibrant third sector working with local government to achieve many of the aims set out in this White Paper. The general starting point will be three-year grant

7

funding, except where this does not represent best value in individual cases, and in terms of overall affordability. This will be supported by key Compact funding and procurement principles and best practice guidance for local government on third sector funding. This will also build on existing Treasury guidance, developed in partnership with the LGA, the Audit Commission and Chartered Institute for Public Finance and Accountancy (CIPFA).[21]

Challenge

7.57 Councils should be able to demonstrate that they are delivering high-quality services by the most cost-effective method. This section sets out proposals to strengthen the challenge to current standards of provision.

Integrating efficiency within the performance framework

7.58 The targets set for efficiency across the public sector in 2004 have provided a sharper focus to an activity that has always been core to all good organisations. In addition, the framework for reporting efficiency gains has identified a range of innovation and good practice in the sector. And the discipline of reporting gains has acted as a spur to develop reliable measurement systems – key to effective performance management.

7.59 The CSR07 will reflect an ongoing challenge on efficiency across the public sector, as well as what is achievable within local authorities, which will be at least as ambitious as the current spending review period. We will embed efficiency as part of the new performance framework and we will explore ways of using the framework to monitor local authorities' performance in this area and challenge poor performance. One option would be for local partners to come together to agree an efficiency target as part of their LAA which they would then work jointly to achieve.

7.60 To tackle difficult cross-cutting issues and maximise the value for money of public resources, services should be designed around the needs of the citizen and the community, not around the processes and structures of individual agencies. Collaboration is, therefore, essential if we are to really transform our services. LAAs provide a focus for harnessing the energy of local partners, and we will work to align efficiency into the broader LAA framework.

7.61 We will also work with the Audit Commission to explore how the annual scored 'Use of Resources' assessment could be developed, without expanding its cost and

---

21   *Improving Financial Relationships with the Third Sector, Guidance to Funders and Purchasers*, HM Treasury, 2006

burden, to provide robust assurance about organisational effectiveness and councils' performance in delivering increased efficiency.

7.62 The new performance framework will reveal where local authorities, and taxpayers are not getting value for money – where performance is weak, costs are high and efficiency poor. We expect local authorities to challenge their own performance and to respond positively and quickly to evidence of underperformance, drawing from expertise in the sector, including peer support and review. However, where underperformance is not addressed and effectively dealt with, the performance framework sets out clear steps for tailored support and intervention.

Understanding and comparing costs

7.63 The Audit Commission is further developing its tool for measuring value for money, using data which is already available. This tool allows local authorities, auditors and others to compare the relationship between spending and performance in different local authorities. Users can create customised charts to compare service performance within groups of local authorities in an area or with similar characteristics. We strongly support the development of this type of information. We expect local authorities to use it in challenging their own performance. Auditors, Inspectorates and Government will also draw from it in identifying unacceptable levels of performance and deciding on appropriate responses.

7.64 Increasing efficiency is not about organisations making service delivery choices to secure their own benefits simply by passing costs onto others. We also want to ensure efficient and effective service delivery choices that benefit citizens. This is a complex area – understanding and addressing these flows will not be easily or quickly solved.

7.65 We will work with local authorities to understand how these flows across local agencies can be identified, measured, discussed and agreed in localities. We will also explore how to incentivise co-operation between local agencies to secure effective business improvement and the best efficiencies for citizens, even where a particular individual organisation may not gain. This work needs to be taken forward carefully on a sector-by-sector basis. Our research, which we will test with local authorities, will initially examine key interfaces, such as local authorities' adult social care interactions with Primary Care Trusts (PCTs). Government departments will aim to agree and publish guidance and toolkits as part of CSR07.

7

Support

7.66 Local authorities are best placed to identify their own developmental needs and how to address them, either through building up in-house capacity, or by supplementing in-house skills with those from external specialist sources. With our support, the sector has put in place structures, organisations and peer review initiatives to support and drive sustainable business improvement through shared learning and the development and dissemination of best practice.

7.67 Effective support from RCEs has supported local authorities in meeting their current efficiency target. A range of other national and regional organisations also aim to provide the appropriate mix of skills and tools to support local delivery. These include Regional Improvement Partnerships and other local, regional and national arrangements including the IDeA, 4Ps, and Local Government Employers.

7.68 The landscape overall can, however, be confusing. We are working with partners to review the current arrangements with the aim of creating clear strategic direction, improving co-ordination and streamlining available resources. This will establish a new programme of integrated and joined-up regional capacity building, led by the sector itself, in touch with the sector's changing needs. It will also develop mechanisms for sharing key information, particularly benchmarking information, and continue to support key projects.

Conclusion

7.69 It is a primary role for all public service providers to deliver the best possible services in the most cost-efficient way. It is up to local authorities to decide how best to achieve this, but there is a changing financial climate and they must think fundamentally about how they can achieve improved efficiency, service performance and outcomes.

7.70 This White Paper gives local authorities the tools, flexibility and support they need to truly transform local services around the needs and wants of their community.

Community cohesion

8

Our ambition

8.1 Britain is now a more diverse society – ethnically, racially and culturally than ever before. Over the centuries, and more particularly over recent decades, the contribution of those who have come to live in the UK has enriched it immensely. Diversity has brought enormous economic and social benefits. Immigration and our continued ties with countries around the world have resulted in a more dynamic economy with more jobs, access to crucial skills and new ideas, better public services and a richer cultural life.

8.2 But change and migration also create challenges. They can bring short term pressures on public services with, for example, schools having to teach many more students for whom English is not their first language. Those who are already most excluded may feel that they are missing out again from access to housing, jobs or health services. Cultural and religious differences can become a cause of tension. And some communities can become fragmented, and groups within them isolated, as new migrants gravitate towards living near those who share their background, culture and beliefs.

8.3 So today's challenge is how best to draw on the benefits that migration and diversity bring while addressing the potential problems and risks to cohesion. Clear rules for being able to enter and settle in the UK, effective border controls and modern race relations legislation are essential building blocks for achieving this objective. But the challenge goes beyond this. We need to forge cohesive, self-confident and prosperous communities that are at ease with themselves.

8.4 Community cohesion is about recognising the impact of change and responding to it. This is a fundamental and growing part of the place-shaping agenda and puts local authorities and their partners at the heart of community building. Since the 2001 disturbances in Bradford, Oldham and Burnley we have learnt the importance of having high calibre local and political leadership, addressing the

everyday issues of concern to all communities and involving and supporting local community leaders.

8.5 The task of addressing this agenda is made more challenging because it has to be undertaken alongside the need to tackle extremism. The far right is still active in some communitees. The 7 July bombings and other attempted attacks have changed Britain. We are all still readjusting to the phenomenon of terrorists who have grown up in our own communities. Part of the response to this threat is more effective intelligence and policing. But security responses alone are not enough. There is a battle of ideas at stake; we need to build and entrench shared values and win hearts and minds. All parts of society have a part to play. That means local authorities, communities and individual citizens themselves as well as central government.

8.6 Many of the proposals in the earlier part of this White Paper will help address these issues. Improving the quality and responsiveness of services to communities, increasing resident participation in decision making, enhancing the role for community groups, strengthening local leadership, building up the economies of our cities and towns and empowering councils, in partnership with other public agencies, to take on the place-shaping role will all help to build cohesive and self-confident communities.

8.7 The proposals in this chapter, therefore, are aimed at providing more specific support for local authorities and their partners in addressing cohesion issues. They focus on how we will achieve a step change in activities to build cohesion by building on existing good practice and some guiding principles drawn from it. And we will support local government in tackling extremism.

8.8 In order to achieve a step change in the calibre and impact of cohesion strategies we will:

- **work with local authorities and their partners to identify those places where cohesion should be a local priority reflected in improvement targets in Local Area Agreements (LAAs)** and work with them on how they should address local challenges;

- **provide support and challenge when areas are facing difficulties** in line with the approach to improvement, support and intervention described in chapter six;

- emphasise the importance of **promoting community cohesion** through Local Strategic Partnerships (LSPs) and Sustainable Community Strategies;

8

- **share best practice effectively** between local authorities who have long standing experiences of immigration and those for whom the impact is comparatively recent;

- **support the establishment of forums on extremism in parts of the country where it is necessary**. These will be strategic groups attended by key local partners, such as police and third sector organisations, acting as a hub for local projects aimed at tackling extremist activities;

- **encourage the Commission on Integration and Cohesion to produce more detailed plans on how to deliver a step change in promoting cohesion** – based on the framework outlined in this chapter.

Cohesion in Britain today

8.9 Our aim is to create strong and cohesive communities – thriving places in which a fear of difference is replaced by a shared set of values and a shared sense of purpose and belonging. Our objective is to ensure that the economic and cultural benefits of diversity are experienced by everyone in each community, recognising that this means promoting similar life opportunities for all. Our challenge however, is to build these stronger communities in times of rapid change.

8.10 Since the 2001 disturbances in a number of northern towns, our understanding of community cohesion has developed. Pathfinders resulting from the Cantle Report[1] and the subsequent community cohesion panels have resulted in much innovative and exciting practice across the country which is already resolving tensions and bringing people together.

8.11 But local and central government alike need to continue to learn lessons. And we must ensure that local leaders and communities can adapt to change. Although some things have moved on little in the past decade, parts of the country continue to be relatively unaffected by Britain's growing diversity. The greatest increases in the ethnic minority population between the 1991 and 2001 Censuses occurred in the areas where ethnic minority communities were already concentrated – such as London and the surrounding area, Birmingham and the cities of the Midlands, and in Lancashire and West and South Yorkshire.

---

1   *Community Cohesion: A Report of the Independent Reviews Team,* Home Office, 2001

8.12 In the last decade the world has moved on apace. The speed of change, often driven by global forces, can be startling and it has very real impacts on many of our streets and communities. For example:

- the 2001 Census showed that the UK is more ethnically and religiously diverse than ever before. 8% of the population – 4.6 million people – is now from ethnic minority backgrounds, double the number 25 years ago;[2]

- our ethnic minority communities are also in themselves more diverse. The immigration of the last decade has been very different from the 'Windrush' generation after the Second World War. Immigrants now come from places as varied as Afghanistan, Poland, South Africa, and Zimbabwe;

- this has meant that while in 1981, people from Indian, Black Caribbean and Pakistani communities accounted for 63% of the ethnic minority population, by 2001 this had fallen to just over half.[3]

8.13 These changes do not have a uniform effect across the country. In some places the impact is minimal, yet in all our regions diversity has increased since the 1991 Census. Furthermore the patterns – who is moving in and how long they intend to stay – are very different from area to area. Some ethnic minority communities remain static and other areas experience significant change. Migrants are more diverse, and thanks to easier travel and new technology, are able to maintain strong links with their countries of origin.

> The New Link project in Peterborough is creating innovative ways of supporting new immigrants. By working closely with community groups and local partners it seeks to promote a positive image of new arrivals among established communities. Information, advice and support on access to training or employment and translation services help immigrants integrate into local communities. Approximately 9,000 people speaking 79 different languages have visited the centre in the past year.

8.14 In this context, established communities can also feel uneasy with change. They begin to hear and believe stories about ethnic minorities getting preferential treatment and can develop a sense of grievance. Far right myths can take hold. Often, the settled community is white and newcomers are from an ethnic minority. But there are an increasing number of places where the settled community is second or third generation ethnic minority and the newcomers white.

---

2   Office for National Statistics
3   Office for National Statistics

8

8.15 At the same time there are crucial debates happening within some minority communities. Increasingly, global tensions are experienced at a local level as people in communities across the country are targeted by domestic and international propaganda. And the events of July 7 and other terrorist plots represent a new and very real threat. There is a battle of ideas happening between the vast majority of Muslims who share the values of this society and a tiny minority who use extremist ideologies to justify terrorism.

> Bradford Council of Mosques is currently developing new educational materials and approaches to teach citizenship in Madrassahs. This is intended to complement the traditional focus on Quranic teaching and is designed to enable young Muslims to play their full part in society as active citizens. They work in close partnership with Bradford Council, providing advice on Muslim community issues.

8.16 How we respond to increased diversity and how we take on and defeat extremism are therefore major challenges not just for Government but for society as a whole.

The role of central government

8.17 Central government, of course, has an essential role to play by setting the legislative framework, determining immigration policy, fighting discrimination, promoting opportunity for everyone regardless of their background and taking the necessary measures to tackle extremism. Government also has a responsibility, working with other partners like local authorities, to tackle the underlying factors that fuel community divisions.

8.18 Since 1997 we have reduced poverty and increased opportunities: fundamentals we must get right to achieve more cohesive and self confident communities. *Improving Opportunity, Strengthening Society* is driving forward work to tackle inequality gaps.[4] And this sits alongside the broader efforts to reduce social exclusion.

8.19 We have strengthened the law against discrimination, for example, through the Employment Equality (Religion or Belief) Regulations 2003 and the Equality Act 2006. The Racial and Religious Hatred Act 2006 makes an important statement about what is unacceptable in modern British society. Local authorities have a duty in carrying out their policies and practices to have due regard to the need to eliminate unlawful racial harassment and promote equality of opportunity and good relations between persons of different racial and ethnic groups, including Gypsies and Travellers.

---

4   *Improving Opportunity, Strengthening Society*, Home Office, 2005. The Government strategy to increase race equality and community cohesion – including a commitment to ensure people are not discriminated against and that all can make a full contribution to our society

8.20 In addition to the reforms in this White Paper, the Discrimination Law Review is considering the establishment of an integrated public sector equality duty, covering not just race, disability and gender but also sexual orientation, religion or belief and age.[5] This would create a more streamlined structure and enable authorities to target their efforts where they are most needed. The Discrimination Law Review proposals will be published in a Green Paper for public consultation.

8.21 The independent Equalities Review has been tasked with making practical recommendations to the Prime Minister on key policy priorities for Government and the wider public sector, as well as employers, trade unions, civic society and the voluntary sector.[6] The Review Panel recognises the critical role of local authorities in ensuring that the Review's vision of a more equal society can be delivered. The Review will be assessing the current position on what reducing inequality means in practice for local authorities and their partners and will be considering proposals for improvement. This will include a consideration of what the core priorities might be along with levers for improvement, including the legislative framework. The Review will publish its final report in February 2007.

The role of local government

8.22 Local authorities, as leaders of their communities, are best placed to understand the particular challenges their city, town or neighbourhood face, and working with communities and other local partners, to decide how to respond. It is only at a local level that the underlying drivers of tensions between different groups – such as access to social housing, crime, disorder and anti-social behaviour problems or deep-rooted deprivation – can be understood and addressed. Only local authorities have the democratic mandate to offer and develop a shared vision, through the Sustainable Community Strategy, for the area. No one else has the mandate to coordinate different interests, reconcile diverse views and provide the space for open debate and dialogue. The best local authorities already recognise the role they can play and there are numerous examples of good practice.

---

5   Led by the Women and Equality Unit in Communities and Local Government, the Discrimination Law Review will assess how our anti discrimination legislation can be modernised to fit the needs of Britain in the 21st century. Link: www.communities.gov.uk

6   The Equalities Review has been established to carry out an investigation into the causes of persistent discrimination and inequality in British society. Link: www.theequalitiesreview.org.uk

8

In Blackburn the LSP runs the 'Belonging to Blackburn with Darwen' campaign. This seeks to promote pride in the Borough and a sense of a shared future among the people who live there. It also has a 'Charter of Belonging' which clearly rejects racism and prejudice and focuses instead on shared values. The experience has shown that being aware of what communities have in common can help bring them together. The Charter has been signed by a wide range of organisations and individuals.

8.23 On tackling extremism, local government also has a growing role to play. The police and their colleagues working on counter-terrorism will continue with their targeted action. But preventing extremism in the first place, winning hearts and minds and working with the right organisations and community leaders, is an essential part of the wider role that we are looking to local authorities to exercise by themselves and in partnership.

Camden's 'Families in Focus' project engages with people from different communities bringing them together to address shared challenges. It has achieved this in different ways – gatherings have taken place during Ramadan to engage young people in debate around identity, community and territorial conflict. And 'Café Hip Hop' provides a place for young people to meet and discuss the barriers to education and employment and to good community relations.

8.24 In the aftermath of the 2001 disturbances central government has sought to enable and spread good practice. Support for areas at risk of experiencing tensions has been provided. Working with the Institute of Community Cohesion, the Improvement and Development Agency (IDeA) and other partners this support has been tailored wherever possible to local circumstances. The Cohesion Pathfinders programme led to publication of a practitioner's toolkit in 2005.[7] Working with the Local Government Association (LGA) we have also issued guidance to local leaders.[8]

8.25 The impact of local innovation in particular areas has been significant – the report published by Oldham five years on from the 2001 disturbances shows just how much progress has been made – an improvement that is reflected nationally.[9] In 2005, 83% of those saying they lived in an area containing people from different ethnic groups felt that in their area people respected ethnic differences – a rise from 79% in 2003.[10]

In Oldham, a 'Good Relations Project' facilitated by Mediation Northern Ireland brought together community, faith, civic and political leaders to talk about sensitive issues such as integration and policing. The project trained local people in mediation and conflict resolution skills, and they have since been involved in addressing contentious local issues. This will contribute to good practice which will be disseminated to other local authorities.

7   *Community Cohesion: Seven Steps, a Practitioner's Toolkit*, Home Office and ODPM, 2005
8   *Leading Cohesive Communities, a guide for local authority leaders and chief executives*, LGA and IDeA, 2006
9   *Challenging Local Communities to Change*, Oldham, March 2006
10   *2005 Citizenship Survey: community cohesion topic report*, Communities and Local Government, 2006

Eight guiding principles

8.26 Each area is different, but recent successes in local areas have been based on the following eight guiding principles:

- **strong leadership and engagement** are essential. An agreed local vision arrived at through engagement and advocated by strong respected leaders, will reduce the risk of tensions. Clear leadership is also needed when it comes to making and explaining difficult decisions or getting to the truth of and answering allegations about special treatment for particular groups. Likewise it is only with a clear local vision that difficult policy decisions about, for example, housing policy or regeneration will be easier to explain and justify;

- **developing shared values** is a basis for creating a shared future, underpinned by a set of non-negotiables shared across all communities. Whether this means developing schemes that enhance the understanding amongst some minorities of English, clear and unequivocal leadership against extremism or simply wider work celebrating diversity, this is a key piece in the jigsaw;

- **preventing the problems of tomorrow** is crucial. Conflict resolution projects like those in parts of the North West have built understanding and resilience across communities. This means that flashpoints which may have led to tension in the past – a racist attack or a newspaper report about housing allocations – can be overcome. But councils also need to plan for how they would respond in a crisis, recognising that in the current climate, this response might well be in the full glare of the media. Contingency planning is therefore crucial;

- **good information** is vital. Some areas systematically collect this and have a clear account of who the important players are in shaping relationships between different groups. They use local citizen intelligence to ensure programmes are targeted and that all communities understand their benefit. They map their communities and understand the different traditions and ethnicities. But it is not always easy to do. It relies on good contacts and networks and is not being done everywhere. The way in which issues are reported by the media can have a significant impact on cohesion. In 2005, the Media Trust and the Society of Editors produced a booklet called Reporting Diversity to help the media report race issues fairly;[11]

- **visible work to tackle inequalities** provides a strong foundation for cohesion. Communities who experience unequal life chances or who experience discrimination and prejudice are less likely to connect to, or feel part of a wider society. Poor schools and health services, or a lack of skills training and

---

11 *Reporting Diversity: How Journalists Can Contribute to Community Cohesion*, the Media Trust and the Society of Editors, 2005

8

employment opportunities, are factors which blight any community. They cause people to lose faith in public services and in authorities more generally. They corrode trust between communities. A commitment to social cohesion has to have building a fair and more equal society at its heart;

- **involving young people** is essential and they need to be engaged in a way that will attract them. Blackburn and Darwen's accessible multimedia cohesion guide recognised the importance of engaging young people. Schemes in West London have involved football festivals open to ethnic minority and Gypsy and Traveller communities. Thinking creatively about engaging young people can fill a vacuum otherwise exploited by extremists;

- **interfaith work** can also keep channels of communication open. Faith leaders have a vital leadership role, as shown by the joint condemnation of extremism in Leicester and other towns following 7 July. Relationships with established faith communities can also help newer faith groups develop the communal structures that they need to thrive;

- **partners such as local third sector organisations** can play a huge part in building cohesion. They can provide the glue that binds communities together and create the opportunities for people of different backgrounds to work together for shared goals. They can also reach groups at grassroots level whose voice is critical to the debate – such as women and young people.

Making promoting cohesion core business

8.27 So although we have learnt lessons in recent years we need to go further if we are to support those communities facing greatest challenges and change.

8.28 Many of the other proposals in this White Paper will help different local areas promote cohesion. Stronger local leadership, involving users in the design, delivery and assessment of services, increasing resident participation in decision making, building up the economies of our cities and towns and promoting voluntary and community sector representation on the LSP will contribute to community cohesion. When decisions which affect local areas are made more transparently, this can increase levels of satisfaction and reduce tension between different groups.

8.29 Local areas also need targeted support to meet the challenges to cohesion described in this chapter. Our specific proposals for this pave the way for the forthcoming recommendations of the Commission on Integration and Cohesion.

Improving leadership on community cohesion

8.30 Strengthening the capacity of local leadership is a critical part of our strategies to build community cohesion. The proposals in the White Paper will promote leaders who can be advocates for cohesion, who can represent the diversity of their communities, and who can embody a set of values which is shared across groups and places.

8.31 Outlining a local vision that promotes the future of a place and seeing diversity as a strength within that vision is a critical part of building community cohesion. Developing such a vision requires high quality leadership skills. The Government will consider how best to take this forward with the LGA in the context of a national improvement strategy being developed, described in more detail in chapter six.

Strengthening partnership working on community cohesion

8.32 Community cohesion and its drivers cannot be addressed by the local authority alone; it is vital that partners from the public, private and particularly the third sector, alongside local citizens, work together to identify the problem, develop solutions and deliver on their priorities. Where community cohesion is a priority for local areas, LSPs may wish to address the issue through their Sustainable Community Strategy, Local Area Agreement (LAA) or other thematic plans. Some areas have found that setting up a community cohesion thematic group works well for example, the Peterborough Community Cohesion Executive Board. Draft guidance on LSPs and Sustainable Community Strategies will be published after the White Paper. Sustainable Community Strategies will need to set out how each area will reflect the different components of sustainable communities, which among other things, are cohesive. This is described in more detail in chapter five.

Ensuring a clear focus on community cohesion outcomes in the new performance framework

8.33 Chapter six sets out our proposals for a new performance framework for local authorities working alone or in partnership, including how central government will agree targets with local partners through LAAs and monitor performance against them. While many local authorities are making real progress in bringing communities together, others still have substantial issues to address. We will consider how best to secure community cohesion outcomes through the local government performance framework and to take account of local circumstances, through the Comprehensive Spending Review 2007 (CSR07).

8.34 In areas in which cohesion is already, or risks being in future, a local concern, local partners may wish to agree additional local commitments as part of their LAA.

8

Leicester has pioneered many approaches to promote community cohesion. Most recently its LAA has focused explicitly on how best to release the energy and potential of the city's diverse and young population. *Community Cohesion: Learning to Live Together* is one of the 7 cross-cutting themes of the LAA. This has helped to make sure that thinking about the cohesion impact of different policies has been mainstreamed into the activities of all public bodies in Leicester.

8.35 There will be times when national indicators, or other evidence, suggest that an area is facing particular community cohesion challenges and the annual risk assessment identifies they are not being adequately addressed. In this case we will use the approach to improvement, support and intervention, described in more detail in chapter six, to ensure that areas get the support they need. This may include:

- providing cohesion specialists to work with local partners to develop local cohesion solutions;

- working with the sector to provide peer and tailored support; and

- working with the sector and other central partners to provide spread good practice.

8.36 Underpinning this support, the Government will work with local government to spread good practice on ways in which institutions, partners, and activities can contribute to cohesion. This will reflect national evidence of what works, and will build on the good practice that towns and cities have already developed in building cohesion. In areas where community cohesion is a problem, or likely to become one, this good practice will form an important source of evidence and advice for local authorities and their partners when drawing up their priorities and means of achieving them.

Develop the consideration of cohesion issues as part of the work of overview and scrutiny committees

8.37 Overview and scrutiny committees taking account of cohesion issues will help provide an opportunity to:

- consider how, wherever possible, policies can best promote community cohesion. They can also be useful in ensuring that the potentially negative impacts of policy proposals and service issues can be identified and responded to; and

- explore and present facts about controversial local issues, helping to counter misinformation that can undermine cohesion.

8.38 The Local Government Information Unit and the IDeA have, with Government support, issued guidance to local authorities on this subject.[12] Luton, Camden and Enfield have already developed similar approaches.

8.39 Following publication of this White Paper, we will consult on new overview and scrutiny guidance. This will include guidance on how local authorities can best take cohesion issues into account. The guidance will allow for the exercise of local discretion, recognising that local areas are best placed to develop further the concept of scrutiny in relation to cohesion issues in their area.

Supporting local responses to recent immigration

8.40 In recent times patterns of immigration have changed considerably with the result that the local impacts across the country are different from in the past.

8.41 The overwhelming evidence suggests the impacts have been positive with real and tangible benefits to economic growth. Migrants are performing key tasks in our public services. They are also working on our major construction sites and in rural areas, for example in agriculture and tourism. There is little sign that wages are being held down to an unnaturally low level or that unemployment is increasing. Most Eastern European migrant workers are young, well educated, in good health and childless. There is little evidence of any significant additional pressure on services at national level. But the scale and pace of migration may have had a particular impact in certain parts of the country, including in some areas with limited prior experience of dealing with immigration. This impact can be very localised and immediate, often affecting only a small part of a local authority.

8.42 We will work with partners to develop and disseminate good practice for local areas which builds on existing experience of areas facing migration pressures. This work will address issues from the perspective of migrants and of existing communities and will deal with such issues as employment conditions, language support and housing. We will also ensure we identify at an early stage those authorities which are in need of support, so that they can be supported in preventing small-scale problems from escalating. Small-scale problems may arise for example, when new migrants do not understand local customs or procedures. This may be as simple as leaving rubbish bags out for collection on the wrong day. Early provision of translated practical information on local arrangements can help get new relationships off to a good start.

---

12   *Scrutiny of Community Cohesion Issues* – an LGIU Guide, 2005

Making tackling and preventing extremism core business

8

8.43 Despite understanding more about cohesion since 2001, we have all been on an even steeper learning curve after the 7 July bombings. Tackling far-right extremism has been a longstanding challenge in a few local authorities. But now others are just beginning to wake up to the threat posed by Al Qaeda-inspired violent extremism.

8.44 The security services and police are acting to promote cohesion and stop attacks. But we also need to prevent radicalisation in the first place. This is not just about promoting opportunity or indeed wider community cohesion. It is about a 'battle of ideas'. It requires everyone, including Government, local partners, the Muslim community and other faith communities to challenge the ideologies that extremists believe can justify the use of violence. This is why the Preventing Extremism Together working groups, established after 7 July, developed a set of recommendations including roadshows of Muslim scholars, which have spoken to 30,000 young people so far.[13] It is why we have supported a series of local forums against extremism and Islamophobia – and continue to work with areas to develop new forums.

Dudley was one of the first areas to hold a forum on extremism and Islamophobia, with a focus on engaging the community and discouraging the radicalisation of young Muslims. Dudley's event in July 2006 also established a new 'Community Cohesion Advisory Group', which is part of the Dudley Community Partnership (the LSP).

The forum is part of the Dudley Muslim Association's wider strategy for the area. This also includes work with the 'Green Light Muslim Forum', a group founded by young Muslims which aims to dispel misconceptions about Islam and promote tolerance and understanding between different faith and ethnic groups.

8.45 At a national level the department, as part of its leadership role across government, is supporting organisations who are taking a leadership role in tackling extremism and challenging extremist ideas; who are stating clearly that separatism and violent extremism are not the answer, and who are offering alternative ways of reaching out to young Muslims and to wider communities.

8.46 Local authorities too need to consider carefully how they can tackle extremism – working with local people, particularly but not exclusively from Muslim communities. Local responses are vital. Local leaders are often best placed to understand what is happening in their communities, who they need to work

---

13   *Preventing Extremism Together,* www.communities.gov.uk/index.asp?id=1501973

with to stop people being radicalised, and what might be most effective. Local authorities working closely with the local police need to make sure they have a good understanding of the scale and nature of the problem.

8.47 Bringing together local partners is one response that has been tested in a number of areas, modelled on the forums on extremism currently being developed following the *Preventing Extremism Together* report.[14] In places such as Dudley these are strengthened via thematic cohesion partnerships that sit within the wider LSP, helping to ensure that the institutions we believe are vital for building cohesion have a voice in local democracy.

8.48 The Government will support the establishment of forums on extremism in parts of the country where this is necessary. These are already being developed in a number of areas, with the department offering support and training. The aim is that these groups, perhaps as part of LSPs, will act as a hub for projects tackling extremism, including:

- education programmes with a focus on citizenship;

- debates with young Muslims and others about shared values and building the skills and confidence to make one's voice heard;

- events and programmes that open up Mosques to wider communities – welcoming young people of all faiths, developing mosques as community centres;

- interfaith activities aimed at broadening networks of young people – structured debates between young people from different communities, including work to tackle hate crimes and Islamophobia;

- specific programmes to discourage radicalisation of young Muslims – diversionary activities delivered by youth groups in partnership with local authorities; and

- advice and guidance to young Muslims who have been exposed to extremist messages, providing a safe space to talk about the issues and alternatives.

8.49 The department has already met with a number of local authorities, and police representatives from across the country to look at how they can step up their efforts to work in partnership to tackle extremism. We have asked these authorities to work with their partners and use their local knowledge to identify areas that may be vulnerable to extremism. These authorities are now developing proposals to tackle extremism with the support of the government.

---

14 *Preventing Extremism Together – working group report, August to October 2005*, Home Office, 2005

The Commission on Integration and Cohesion

8.50 All parts of Government, as well as communities themselves, need to do more to build cohesion and tackle extremism. But the local picture is critical. That is why we established the Commission on Integration and Cohesion, under the Chairmanship of Darra Singh, Chief Executive of Ealing Council.

8.51 The Commission will be producing full proposals in June 2007 that consider further how to take forward the framework outlined in this chapter. This chapter has been designed to provide a foundation and framework for future work and to pave the way for swifter adoption of the Commission's recommendations.

8.52 The Commission will be consulting formally from November 2006. Local authorities and their partners can contact and engage with the Commission as part of increasing their commitment and work on cohesion.

Conclusion

8.53 This chapter has focused on what needs to be done to develop more cohesive communities and tackle extremism. This is not an add-on or an optional extra to our overall local government reform agenda. It is an integral part of providing better public services and working for better places. It is an essential part of local government's place-shaping role. Only by making cohesion and tackling extremism part of local core business will we make the step change that is necessary.

Steps towards implementation

<div style="text-align: right;">**9**</div>

Introduction

9.1 This White Paper sets out an ambitious programme to empower citizens and communities; create stronger and more visible leadership; and put in place a new framework within which local authorities and their partners can work.

9.2 This will require changes in the way central and local government and local partners work. We propose to consult on and issue guidance where appropriate and to work with local government and its partners to support and spread best practice. We will also legislate to embed the systematic reforms that will rebalance the central-local relationship; better enable local partners to work together; and give communities a bigger say in the things that matter to them.

Legislation

9.3 Although we have minimised the need for legislation, some new and amended measures will be necessary to create the powers and freedoms we wish to introduce and to devolve and deregulate in the areas where we want to apply a lighter touch.

9.4 It is proposed to seek legislation at the earliest opportunity with a view to having the key building blocks of our reforms in place as soon as possible.

9.5 To create more responsive services and empowered communities we will:

- revise the duty on best value authorities (except police authorities) to require them to secure the participation of local people;

- deregulate and simplify best value by removing the requirements on English best value authorities to prepare an annual Best Value Performance Plan and conduct Best Value Reviews;

- exempt parishes from best value;

- delete provisions which enable the Secretary of State to specify, by order, best value performance indicators and best value performance standards, so that they no longer apply to England;

- enable councillors acting as advocates for their communities to initiate a Community Call for Action to resolve local issues of concern;

- devolve the power to create new parishes from the Secretary of State and the Electoral Commission to district and unitary authorities and allow parishes to adopt alternative names;

- allow communities in London the option to form parishes and have a parish council, as exists elsewhere;

- extend the well-being power to Quality Parish Councils;

- amend the Right to Manage regulations;

- improve the responsiveness of the Local Government Ombudsman and clarify the Ombudsman's role.

9.6 To secure effective, accountable and responsive local government, and help all councils develop their capacity and effectiveness, we will:

- end the Secretary of State's role in confirming byelaws, and make it possible for councils to enforce byelaws through fixed penalty notices;

- give local authorities the choice of one of three executive models – a directly elected mayor with a four year term, a directly elected executive with a four year term, or an indirectly elected leader with a four year term;

- allow authorities to adopt a mayoral model without the need for a referendum;

- strengthen Overview and Scrutiny committees;

- allow all local authorities to opt for whole council elections and enable those holding such elections to move to single member wards;

- give councils in two-tier areas an opportunity to seek unitary status, with those continuing with two-tier arrangements expected to adopt new improved two-tier models;

- establish a new more locally-based conduct regime, with a streamlined Standards Board having a refocused role as a light touch regulator;

- publish a revised statutory model Code of Conduct for councillors, to allow councillors to speak on licensing and planning issues, and a new code of conduct for local authority employees.

9

9.7 To strengthen local partnership working we will:

- place a duty on upper-tier or unitary authorities to prepare Local Area Agreements (LAAs) in consultation with named local partners. This will require the lead local authority and named partners to co-operate in agreeing the relevant targets within the LAA, and to have regard to those targets;

- issue guidance saying that the Sustainable Community Strategy and other local and regional statutory plans must have regard to each other. To promote maximum flexibility in joint working, we will place more area-based funding streams in the LAA funding pot;

- streamline procedures for consulting communities, by repealing the requirement for the Local Development Framework's Statement of Community Involvement to be examined.

9.8 To introduce more targeted, risk based and proportionate external challenge, we will:

- legislate to amend Audit Commission powers, functions and governance arrangements to reflect the new inspection agenda;

- require the Audit Commission to act as a 'gatekeeper' for proposed inspections relating to local authority services.

Reviews

9.9 We will conduct reviews of:

- community management and ownership of assets;

- incentives and barriers to serving on councils – to support the efforts of the political parties to recruit more diverse and representative councillors.

Consultation and Guidance

9.10 We will consult on consolidated and light-touch guidance (statutory, where appropriate) including on:

- the revised best value duty, including community participation, commissioning and competition, and third sector funding;

- the Community Call for Action, Overview and Scrutiny and governance reforms;

- Local Strategic Partnerships, Sustainable Community Strategies and Local Area Agreements;

- city development companies, to drive regional and national economic growth.

Other publications, initiatives and developments

9.11 To create a performance framework that supports citizen involvement and secures better outcomes, we will:

- establish an agreed set of national priority outcomes measured through a single set of national indicators as part of the Comprehensive Spending Review 2007;

- develop proposals for a new small set of national citizen satisfaction and perspective indicators and a wider voluntary set;

- explore with local authorities and other stakeholders how to improve information management including streamlining national reporting systems, ensuring data quality and supporting the development of local information systems;

- negotiate and implement burden reduction packages via the Lifting Burdens Task Force;

- work with the Local Government Association in developing sectoral improvement support and challenge;

- work with the Audit Commission and other relevant inspectorates to develop and trial a methodology for the new annual risk assessment and to update the Use of Resources and Direction of Travel judgements to deliver the new Comprehensive Area Assessment;

- work with the Audit Commission to ensure that audit and inspection have a greater focus on citizen experience and perspectives and to make the results of audit, assessment and inspection more publicly accessible;

- ensure Government Offices have the necessary skills and capacity, through the implementation of the Review of Government Offices;

- agree with the Local Government Association a national improvement strategy to get best value for money and impact from investment in improvement support and capacity building;

- work to align and coordinate existing frameworks for improvement and intervention focused on distinct service areas, local partners or partnerships.

9

9.12 To support our towns, cities and other places to drive regional and national economic growth we will:

- continue to work with towns, cities and other places on their business cases and Multi-Area Agreements to promote their further economic development;

- report for the Comprehensive Spending Revue 2007 on how the Government can best devolve powers and resources to regions and local authorities in cities and elsewhere to ensure there is clear accountability for decisions, stronger leadership, incentives to enable and support growth, reduce inequalities and effective governance arrangements.

9.13 To achieve greater efficiency through the transformation of local services, we will:

- work with local government to support and spread best practice on business process improvement techniques; co-ordination and joining-up of services; responsiveness to citizens; citizen authentication; e-procurement and e-auctions; fair and open competition; and the development of the local government services market.

9.14 To increase take-up of community empowerment opportunities, we will:

- introduce a fund to give local authorities capital support in refurbishing buildings to facilitate their transfer to community management and ownership;

- work with local government and other partners to improve take-up of community empowerment.