The LGiU is an award winning think-tank. Our mission is to strengthen local democracy to put citizens in control of their own lives, communities and local services. We work with local councils and other public services providers, along with a wider network of public, private and third sector organisations. Through information, innovation and influencing public debate, we help address policy challenges such as demographic, environmental and economic change, improving healthcare and reforming the criminal justice system. We convene the national Children’s Services Network and are the host organisation for Local Energy Ltd and the Centre for Public Service Partnerships (CPSP). To find out more visit our website www.lgiu.org.uk
to be asking themselves and talking to their communities about if they are to realise together the value of strategic place-based budgeting and community led localism.

No doubt different decision making matrices will be appropriate in different areas and in relation to different issues. Many authorities will want to give some thought to the development of these rather than relying on ad hoc responses.

Doing so will require us to think differently about places, seeing them not simply as monoliths within which to strategise public service delivery, but as multi-faceted entities that flex geographically in response to different service priorities, but which also contain multiple layers of community, democracy, responsibility and accountability which are bought to bear to different degrees at different times in relation to different issues.

This in turn challenges us to keep thinking about what a council is for: not to serve as the local arm of government but as the governmental arm of local communities, not just to deliver services or act as a strategic commissioning agent, but to provide the stage for an ongoing dialogue between people about the places they live in and the power they wield.
Executive summary

A new government has placed localism at the heart of its agenda. This is a crucial part of meeting the challenges we face as a society.

The current crisis in public finances is a prelude to longer term pressures such as a hundred fold increase in the number of elderly people needing care.

If we are to live in the sort of society we want with the sort of public services we want, citizens and government will have to work together to deliver them.

At the same time however, immediate budgetary pressures suggest the need for clear leadership and strategic planning across public services, to improve or maintain outcomes whilst delivering savings.

This paper explores some of the tensions between these competing priorities and argues that resolving them will be the key challenge for local government over the next few years.

Solutions will inevitably be local, but the paper ends with a preliminary sketch of some of the features of a new way of thinking about place that might help us begin this journey.
Localism, localism, localism

Local government is at a crossroads. The coincidence of a radically localist new coalition government and the most pronounced contraction in public finances in thirty years presents a unique set of dilemmas, choices and possibilities.

We know the future of local government over the next few years will be shaped by two forces: a drive towards localism and the need to achieve efficiencies and cut spending in a challenging financial context. In this essay I argue that if we are to prevent these drivers from pulling us in opposing directions we will need a fundamental shift in the way we think about local service delivery and the relationship between people, places and power.

We’ll begin with a look at some of the familiar financial pressures on councils, arguing that localism has the potential to help respond to these pressures, but that it is not without its challenges. We’ll then consider the lessons to be drawn from Total Place and some of the challenges that it raises, before outlining the sort of characteristics that a new approach to place-based working would require.

In an address to the Queen’s Speech Forum on 10 June 2010, Secretary of State for Communities Eric Pickles spelled out his vision for localism, localism, localism in some detail:

1 Eric Pickles, Speech to LGiU reception of the All Party Parliamentary Group for Local Government, 7 June 2010
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“OUR FIRST PRIORITY IS LOCALISM...
AND OUR SECOND PRIORITY IS ALSO LOCALISM.
CAN YOU GUESS WHAT OUR THIRD PRIORITY IS?”
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Inevitably the policies of the new coalition government are still evolving, but already we can begin to see the emergent shape of their localism agenda. The outline of the Localism and Decentralisation Bill and other measures set out in the Queen’s Speech describe plans to devolve power to local authorities, through a power of general competence, removal of ring fencing and increased control over planning. Crucially, however, it also begins to give substance to the rhetoric of the Big Society through powers for communities to take over local public services, buy community assets, and influence planning decisions.

“...if you want to restore faith in politics, you make sure that local government is properly accountable to the voters...

If you want people to feel connected to their communities. Proud of their communities. Then you give people a real say over what happens in their communities. And the power to make a difference.

So we are determined to wrest control from the bureaucrats, the quangos, and central government departments. Taking power pushing it as far away from Whitehall as possible...

It won’t be in a single action or a single law. It will be through dramatic and bold actions, but also small and incremental changes. Localism is the principle, the mantra, and defines everything we do...

It’s even more important that we push power downwards and outwards to the lowest possible level. Out to the folks themselves.

Because if people know they can make a difference, then there’s a reason to stand up and be counted.

We want to make sure people can take control and take responsibility in their street, their estate, their town. Solving problems and taking action for themselves. With neighbourhoods, people working together, as the basis for the big society.”

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The need for localism

We should be in no doubt that this is a vital agenda. Citizens will need to become more engaged in the process of governance and of public service delivery. No doubt there is an ideological element to this drive to localism, both a conservative commitment to a smaller state and a liberal emphasis on autonomy and self determination tend in this direction. However there are also compelling practical reasons to believe that the relationship between citizens and the national and local state will have to change.

Most immediately the state of public finances demands it. It is perhaps still too early to know what the final impact of the recession on council finances will be. However, councils are already implementing millions of pounds of cuts this year, following a review by the government of grants and funding streams.

The Spending Review in the autumn will set out more clearly the position for the years ahead, where billions of pounds of cuts will be assumed. (The Institute for Fiscal Studies predicts that £85 billion needs to be found to balance the budget in one parliament.)

It is important to recognise that the Office for Budget Responsibility said there were “major uncertainties” over their predictions. However, the probable impact on local authorities spans a spectrum from catastrophic to merely bad. The Budget confirmed spending cuts of around 25 per cent.

There are two consequences of this in terms of a localist agenda. First, a political necessity to engage the public in tough spending decisions. Quite aside from the fact that these decisions are likely to be better grounded if they reflect people’s actual priorities rather than politicians’ interpretations of them, we know that a key measure of people’s satisfaction is the amount of involvement they feel they have in a particular decision even when they are not pleased with the outcome.

People do not like having things done to them, or feeling powerless in the face of major change. So if councils do start making really tough cuts – closing a Sure Start centre or an adult social care facility – they need to make sure that people have been involved in these decisions if they are to have any chance of avoiding widespread public dissatisfaction and the attendant political consequences.

Moreover, the pressure on public finances may quite simply mean that local government cannot afford to provide the same level of services we have grown accustomed to. In this scenario, the Big Society is a practical necessity not an ideological luxury. Citizens may have to step into the gap and provide some services for themselves, as councils reduce their cost base through the divestment of services and assets.

This points towards a final, longer term reason why something akin to the Big Society will be essential for our success, and perhaps even our very survival, as a society. The long-term global challenges that we face, such as...
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climate change, an ageing population or global interdependence, are characterised by their complexity, rate of change and unpredictability. The problems these drivers throw up cannot be solved by governments alone but will require a collaborative effort with citizens. If this sounds a little overblown, three examples may serve to illustrate different aspects of this emerging context.

First, climate change. Scientific consensus around the existence and potential impact of anthropogenic climate change is slowly being matched by a growing public awareness of the problem. This involves a recognition that while government has a role to play, for example in negotiating international settlements, setting emissions standards and perhaps even using fiscal instruments to change behaviours, this is matched by personal responsibility for the way we live. Any effective response to the problem must draw on both government action and that of individuals.

Second, education. There is strong evidence to suggest that the biggest influence on educational attainment is parental support and encouragement. Responsible parents see this as part of their role and do not think that education is something that is, can, or should be the sole responsibility of the state to provide.

Finally, our ageing population. To take just one indicative statistic, there are currently around 10,000 people in Britain over the age of 100. Based on current trends, by 2070 that figure will have risen to over one million people (and this increase is of course paralleled by increases in the numbers of people in their 70s and 80s). It is impossible to imagine that our current system of adult social care, or any other state provided service can possibly expand sufficiently to cope with this increased demand. We will not be able to put 100 times more resource into our care system, nor will we be able to make it 100 times more efficient.

All of these examples presage a world in which citizens and the state need to work together to secure a good society and in which the roles and responsibilities of each are significantly renegotiated. Finding solutions to such complex dilemmas will require us to draw on the talents and insights of as many members of society as possible.

As James Surowiecki puts it, “in part because individual judgement is not accurate enough or consistent enough, cognitive diversity is essential to good decision making.”3

But we may also find that in implementing these responses, citizens may have to do a lot more of the heavy lifting while the state acts more as an enabling framework than a service provider.

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Making the Big Society work

The rhetoric of the Big Society may anticipate an emergent future. However, some significant questions remain about how it will work in the current government’s framework. These can be grouped into three main areas.

First, we need to think about demand as well as supply. How will communities be motivated to take up the opportunities that the government’s proposed powers offer them? What will motivate people to want to take over services or assets rather than have the council deliver them? How will the case be made? When community groups do get involved how will we ensure that they are properly supported and that they are accountable in respect of service standards and use of public money?

The government will want to achieve this without reintroducing the deadening hand of the Big State through a regime of targets and bureaucratic procedures. Local government may fear that the cost of stimulating the market of community involvement and of supporting it will offset any savings that have been realised through divestment of services and assets.

Second, there remains a need to think through how Big Society initiatives interact with the formal governance and service delivery functions of local government, especially as these...
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become more autonomous themselves. Arguably, it was the failure to do just that which limited the impact of Hazel Blears’ empowerment agenda. Lessons should be learned from this.

This is particularly important because the relationship with local government is likely to be a key factor in the success or failure of the Big Society. Who better to catalyse a new politics than the network of more than 20,000 local councillors who work in every ward and every community in the country? As unpaid volunteers giving up more than 20 hours a week, they are the Big Society in action.

For many councillors, however, realising this agenda will require rethinking their role, seeing themselves less as Burkean representatives of the people and more as community facilitators, who inspire action, hold the ring between competing interests and insure inclusivity and accountability. Many elected members will welcome this evolution, others will resist it.

We might anticipate many of the same objections that were raised to the previous administration’s empowerment agenda: that people do not have the time or the desire to take part in these sorts of processes, they want their councillor and the council to deliver for them; that people lack the necessary understanding of complex issues; that councillors do not have the time, skills, or resources to support this agenda; and that community groups are dominated by the ‘usual suspects’ unrepresentative, or partisan groups of citizens, who dominate engagement processes.

What is at play here is a centuries old tension between representative and participative democracy. There are no easy answers to this, nor should we expect or desire these questions to be resolved by central government diktat. Instead councils across the country need to find workable local solutions as to how to integrate the citizen led ethos of the Big Society with effective and accountable local governance. This rethinking of how citizens and government interact can be supported by new technologies of interaction and engagement which build upon the collaborative logic of web 2.0 and create new ways for local people and local politicians to talk to and learn from each other.\(^4\)

Third, and perhaps most seriously in the current context, we may wonder whether the bottom up collaborative approach of the Big Society is compatible with the sort of strategic vision and decisive leadership necessary to achieve the major reductions in public spending that we need to find.

A consideration of some of the findings of the recent Total Place pilots illustrates this point.

\(^4\) The uses of new technologies are further explored in Local Government 3.0, LGiU, June 2009
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Lessons from Total Place

The Total Place approach is based on the idea of local authorities leading a collaborative effort across the public sector in which local agencies co-ordinate activities and pool or re-allocate budgets as necessary, focusing on outcomes for communities and realising savings through the elimination of duplication and through an emphasis on preventative measures.

The Treasury report on the 13 government sponsored pilots draws out a number of ways in which efficiencies can be generated including:

- Back office and support functions: evidence from the Operational Efficiency Programme indicated that savings of up to 20 per cent were possible from sharing back office functions, while a number of the pilot areas found that assets could be shared across services and across counties realising up to 10 per cent savings.

- Shared management and joint working: it is increasingly common to find councils sharing chief executives and management teams with neighbours, or to find joint appointments across public sector agencies, particularly councils and PCTs. This
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enables savings both from salary bills and from the resultant joining up of services.

● Pooled and aligned budgets: many of the pilot areas saw the potential for significant savings through the use of pooled and aligned budgets to support more effective joined up delivery of services across agencies. Some areas went as far as to call for single area based budgets for all public services.

● Capital and assets: several of the pilots found the potential to realise savings through joint management of assets across the public sector in a place and through collaborative commissioning of capital investments.

● People centred service: designing services around user needs rather than the service function enables a more joined up approach, reduces duplication and lowers transaction costs, while generating better outcomes and thereby reducing the number and cost of future interventions.5

Again, new technologies are likely to play a key role in enabling and improving the processes that underpin many of these reforms, especially resource mapping, data sharing and effective multi agency co-operation.

We shouldn’t take Total Place as a panacea, but it has shown how strategic planning of public services across an area can deliver savings.

While the politics of Total Place are a little difficult given that it was an initiative of the previous government, there does seem to be a degree of consensus that this approach has an ongoing value.

Bob Neil, the new junior local government minister is on record saying he supports the Total Place approach.

Eric Pickles, the new Secretary of State also clearly sees the potential. He has called for councils to achieve economies of scale by jointly procuring goods and services adding: “...a renewed and concerted focus on better procurement, greater transparency and shared services that puts the emphasis on productivity above processes will end duplication, wasteful spending and wasteful working.”6

Total Place also has civil service advocates across government, having crucially won the backing of both the Treasury and the Department of Communities and Local Government. So we can be certain that place-based budgeting will be part of the future approach to public finance and public services.

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In many ways, however, this place-based approach seems to pull in the opposite direction to Big Society localism. Total Place has been criticised as essentially a technocratic, practitioner-led exercise. There have been concerns that local politicians, let alone local communities, have not been involved. Even the discussion of a ‘people centric approach’ to services is focused around individual users and how more effective interfaces and clearer customer pathways can be established between them and the multiple agencies with whom they come into contact.

This is not just a case of scepticism about whether communities will choose to cut spending and efficiencies – though there is a view that turkeys don’t vote for Christmas and people don’t vote for reduced services or higher taxes. Certain elements of the government’s Big Society policies, such as devolving commissioning from PCTs to GP practices or giving schools even greater autonomy from local government, will make it much more difficult to take a strategic approach to the planning and delivery of public services.

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Many councils around the country are already thinking about new models of place-based working and partnerships. For example BT are working with Suffolk County Council and Forest Heath District Council on a new approach to place in Brandon in Suffolk and the LGiU will be following this work and that of others with great interest and seeking to share their insights more widely.

No-one has the answers just yet and responses to this challenge will inevitably be local. In this context it would be both counter-productive and presumptuous to get too far ahead of ourselves, so to conclude this essay, I’d like simply to sketch out some ways of thinking that might stimulate a new approach to combining the localism and efficiency agendas.

within a given place. It is centralism at a local level. The logic of the Big Society is essentially fragmentary; it is concerned with citizens and community organisations mobilising independently to find local solutions to service delivery issues. It is voluntary, episodic and driven by particular interests and passions: it cannot be centrally co-ordinated and stay true to itself.

So we seem to face a dilemma. On the one hand we have a drive towards localism which has political momentum and which offers a fantastic opportunity to help citizens and communities become more involved in shaping the places they live in and the services they use. It has the potential to catalyse a grass roots re-invigoration of civil society and enable more effective service provision while saving councils money by allowing them to divest themselves of service delivery responsibilities.

On the other hand we have a whole place way of looking at budgets and services that allows us to be strategic, to take clear decisions about spending priorities and to generate efficiencies and the savings we so badly need.

Both of these paradigms are attractive, but aren’t they mutually exclusive? How can we pursue them both at the same time?

This I would argue will be the defining challenge for local government over the coming years. Meeting it will not be easy. It will require a readiness to challenge accepted models of working, tolerate high levels of ambiguity and accept more risk. It will also need an unprecedented level of collaboration between council officers, local politicians and members of the community.
within a given place. It is centralism at a local level. The logic of the Big Society is essentially fragmentary; it is concerned with citizens and community organisations mobilising independently to find local solutions to service delivery issues. It is voluntary, episodic and driven by particular interests and passions: it cannot be centrally co-ordinated and stay true to itself.

So we seem to face a dilemma. On the one hand we have a drive towards localism which has political momentum and which offers a fantastic opportunity to help citizens and communities become more involved in shaping the places they live in and the services they use. It has the potential to catalyse a grass roots re-invigoration of civil society and enable more effective service provision while saving councils money by allowing them to divest themselves of service delivery responsibilities.

On the other hand we have a whole place way of looking at budgets and services that allows us to be strategic, to take clear decisions about spending priorities and to generate efficiencies and the savings we so badly need.

Both of these paradigms are attractive, but aren’t they mutually exclusive? How can we pursue them both at the same time?

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Many councils around the country are already thinking about new models of place-based working and partnerships. For example BT are working with Suffolk County Council and Forest Heath District Council on a new approach to place in Brandon in Suffolk and the LGiU will be following this work and that of others with great interest and seeking to share their insights more widely.

No-one has the answers just yet and responses to this challenge will inevitably be local. In this context it would be both counter-productive and presumptuous to get too far ahead of ourselves, so to conclude this essay, I’d like simply to sketch out some ways of thinking that might stimulate a new approach to combining the localism and efficiency agendas.
A new approach to place

To harness the potential of these very different ways of thinking about public service delivery, councils will need to perform a complex mental juggling act, considering issues simultaneously across three axes, involving the following sort of considerations.

- **Services** How should particular services be delivered and combined, how should budgets be pooled to incentivise efficiencies, how can functions be shared and economies of scale achieved?

- **Spaces** What is the appropriate spatial unit within which services should sit? How can we disaggregate the way we think about place? When is it appropriate to operate at county, district, town, ward, neighbourhood or street level?

- **People** Who has responsibility for which services and who decides? What should the council do and what should the community lead? Who makes decisions about particular services and what is the remit and scope of that decision making?

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each other so that tensions are identified and trade offs can begin to be made.

To take a simplified hypothetical example, imagine a local authority trying to decide how best to manage its parks.

Thinking along the services axis it might decide that the best way to do this was to partner with neighbouring authorities to jointly commission the service from an external provider thus achieving substantial economies of scale.

Thinking on a spatial level, however, might lead you to the conclusion that different parks had very different maintenance needs and that it would be more effective to commission a series of smaller providers who could manage each more effectively, this might also stimulate business in different parts of the area and create more competition on the supply side market.

Finally, on the people axis a community group wants to take over their park and run it as a social enterprise, thus removing the cost from the council entirely.

But does this saving offset the reduced ability to command economies of scale in a larger commissioning process? How many community parks do you need before this saving becomes real? How can you encourage other communities to take over their parks? What sort of dialogue would that involve? Can the community park realise some value out of their new asset and become a partner in the commissioning process?

The complexities multiply and there are no easy answers, but these are the sorts of questions local authorities will need
to be asking themselves and talking to their communities about if they are to realise together the value of strategic place-based budgeting and community led localism.

No doubt different decision making matrices will be appropriate in different areas and in relation to different issues. Many authorities will want to give some thought to the development of these rather than relying on ad hoc responses.

Doing so will require us to think differently about places, seeing them not simply as monoliths within which to strategise public service delivery, but as multi-faceted entities that flex geographically in response to different service priorities, but which also contain multiple layers of community, democracy, responsibility and accountability which are bought to bear to different degrees at different times in relation to different issues.

This in turn challenges us to keep thinking about what a council is for: not to serve as the local arm of government but as the governmental arm of local communities, not just to deliver services or act as a strategic commissioning agent, but to provide the stage for an ongoing dialogue between people about the places they live in and the power they wield.
The LGiU is an award-winning think-tank. Our mission is to strengthen local democracy to put citizens in control of their own lives, communities and local services. We work with local councils and other public services providers, along with a wider network of public, private and third sector organisations. Through information, innovation and influencing public debate, we help address policy challenges such as demographic, environmental and economic change, improving healthcare and reforming the criminal justice system. We convene the national Children’s Services Network and are the host organisation for Local Energy Ltd and the Centre for Public Service Partnerships (CPSP). To find out more visit our website www.lgiu.org.uk