

Local Government performance: maintaining the momentum¹

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March 2008

Abstract

The management and delivery of public services in a decentralized setting creates unique management challenges as well as opportunities for locally designed quality and performance improvements. Despite recent improvements in service quality, local governments in England face rising public expectations and declining public satisfaction. Despite earlier promises of additional autonomy, local government services have been largely managed from the centre. A new management model is required if the momentum of recent improvements is to be maintained and if citizens are to be re-engaged in shaping local government services. This will require that local governments, rather than central government agencies, take the lead in service innovations, driven by local user needs. They need the support of central government agencies in this endeavour.

Improvement to Date

The last decade has seen significant improvements in the performance of English local authorities in terms of corporate capacity, the quality and responsiveness of some key services, and the ability to work in partnership with other agencies. Local government has also delivered significant efficiency gains, and there is evidence of an increase in public satisfaction with many services.

These improvements have been the result of:

- A determined effort by central government to drive change and improvement, coupled with significant increases in funding, as part of an overall strategy for public services reform;
- A combination of support, advocacy and assessment provided by national bodies, including in particular the LGA/IDeA, the Audit Commission and other local inspectorates;

¹ From Getting Better all the Time? An Independent Assessment of Local Government Improvement and its Future Prospects Commissioned Improvement and Development Agency January 2008

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- An increasing willingness and capacity within individual local authorities to take responsibility for their own improvement; and,
- A stronger focus on users' needs.

But local government will need to tackle major challenges in the years ahead. Whilst many services have got better, public satisfaction with councils' overall performance has declined and turnout in local elections remains dangerously low. Moreover, the context within which authorities operate is changing:

- Public expectations are rising;
- Resources are tighter; and
- Partnership working, place shaping and tackling 'cross cutting' issues are all becoming increasingly important.

Meeting these challenges calls for a shift of emphasis – away from a reliance on technical improvements achieved through incremental changes and towards transformational change through innovation.

The underlying models of improvement that have informed policy for the last decade are not fit for these new realities. Central government will have to let go and local government must move beyond a compliance mentality. Change will mean re-thinking what is meant by 'improvement', and the development of a more sophisticated understanding of what is likely to facilitate improvement in different service settings and in authorities which are at very different points in the improvement journey.

The New Performance Framework

There is a continuing need for external stimuli to encourage improvement, and as a safeguard against slipping back. But the government's implicit model of improvement has not kept pace with the changed circumstances and new challenges. The underlying theory of improvement of Comprehensive Area Assessment is modelled closely on the CPA, extending ideas about corporate capacity and leadership to a wider network of partners and to an area wide basis. But that is not enough. It is necessary to think through whether, and if so how, that theory of improvement can be translated into the new environment. In particular it is not clear how these concepts can be adapted to cope with the more complex and contested definitions of improvement and the

much less clear cut lines of accountabilities and leadership that will exist among partnerships operating on an area basis.

It fails to reflect the realities of improvement in a new world which will put a premium on innovation, and where place shaping, partnerships and networks will create new challenges of shared accountability. Nor does it take sufficient account of the improvements that have been achieved to date. Local public service providers need to be seen as independent actors capable of making a bigger contribution to the new improvement equation rather than as the front end of a centrally driven 'delivery chain'. It is not yet clear whether CAA will in practice give sufficient weight to 'learning from within' as an increasingly significant part of a 'self-improving' system.

All aspects of 'improvement' should be genuinely driven by citizen and user needs and by local political and policy choice, supported by a willingness to commission even-handedly from the voluntary and private sectors as well as from within where appropriate. The extent to which authorities embrace this will determine the extent to which the direct 'burden' of regulation on local authorities can be lifted.

Local authorities need to work through the implications of being given the less 'top down' performance framework that they have argued for. In particular they will need to face up to the liabilities that come with the community leadership role. They may well for example find that the buck now stops with them for risk assessments which depend on the actions and capacity of a wide range of partners. The spectre of 'responsibility without power' may be about to raise its head to a much greater degree than hitherto. But if it is to provide community leadership local government must meet that challenge.

For its part the Audit Commission and its sister inspectorates need to show that they really do have a theory of improvement and the skills and capacity to judge the effectiveness of partnership working and the quality of outcomes in an area, and engage with innovation and the very different cultures and kinds of leadership which it calls for.

Communities and Local Government will need to unpack the combination of command and control, market mechanisms, and networks and trust set out in the 2006 Local Government White Paper

to show how these provide a coherent and realistic strategy for future improvement at local level.

Improvement, Innovation and Peer Learning

New approaches are now needed to encourage improvement partly because there is likely to be less of a consensus about what constitutes 'improvement'. There is a need for a much greater emphasis on innovation rather than incremental improvement. But innovation is, if anything, an even more slippery concept than improvement, and current policy is not informed by rigorous thinking about what forms of innovation are needed and what conditions are most likely to encourage it.

Self improvement, peer learning, and organisational development will all have a much greater role in performance improvement in future. They may even become the quintessential keys to future improvement. But at present we lack a coherent theory of improvement or innovation to underpin them.

Politicians and Managers

Local politicians have become more involved in the improvement agenda, and place shaping should be even more natural territory for them. But it will create new challenges – many of which are of an 'adaptive' rather than technical kind. In particular elected members will increasingly need to be able to cast and communicate a clear vision and to influence and inspire partners to work towards it.

In principle at least, the explicit acknowledgment of local government's place shaping and community leadership role could represent local politicians' finest hour since the heyday of Victorian municipal leadership. But many local politicians are not yet equipped to make the most of this opportunity. Whether they have sufficient support and whether they enjoy sufficient autonomy, particularly over finance, effectively to shape localities remains an open question. The political parties have a critical role to play in setting the agenda and raising the standards, but the local government family as a whole also needs to provide peer support and learning.

The place shaping agenda also poses new challenges for senior officers. They and elected members will need to rethink their

community leadership roles - both for themselves and in relation to each other. Neither will be able to rely as readily on their core, statutory responsibilities as they have in the past. Both will have to call on networking and influencing skills to a much greater degree. The professional bodies should take a lead in thinking through the issues and supporting managers in the change and development needed both for individuals and in terms of professional training.

Citizens and Users

There is widespread agreement about the importance of customer and citizen led improvement. Many authorities have made major improvements in customer service attitudes and standards and scored real successes in engaging and empowering service users. However there is often still a gulf between the reality and the rhetoric of engagement with citizens and users. The scope for public participation and for co-production of services is indeed considerable, but it varies between services and communities.

Bringing the reality and rhetoric into closer alignment will require greater effort and willingness by local government to make the journey from managerial producer and sponsor of services and partnership to champion of consumers and citizens and of the outcomes they want from whoever provides those services. Councils will need to make rigorous and realistic appraisals of where and how customers, citizens and communities can genuinely add value and of how best to engage different groups. In some services there is no obvious end user with whom to consult, and some citizens wish to be kept informed but have no desire to become involved in designing or monitoring services or formulating policies.

Equally, public satisfaction is an imperfect – albeit very important - measure of performance because it is a function of expectations which are often too low and usually dependant on partial information. There is a need for a much wider range of ways of judging whether services really are citizen and customer focused and are meeting local needs. These will have to take account of the varying perspectives and priorities of different communities, including for example the often contrasting perspectives of service users and tax payers including local businesses, as well as ethnic community interests and potential community fractures, and the needs of the poor and excluded.

New developments in information and communications technology are opening up opportunities for different kinds of interaction with the public and new forms of service delivery. Councils need to embrace these innovations whilst also managing the risks and trade-offs involved in adopting new technologies.

Workforce Development

The need for more fundamental development and innovation has important implications for the local government workforce and its development. The government has rightly emphasised the centrality of political and managerial leadership and the need to design services around needs of users rather than producers. But significant sections of the local government workforce who are operating on the 'frontline' have felt embattled and undervalued. Such staff are vital to effective service delivery. Highly motivated and skilled workforces who are passionate and engaged about optimising customer service and user benefit are a hallmark of high performing organisations. To date capacity building in terms of workforce development has barely scratched the surface. There will need to be much more investment in training and developing the local workforce if transformational changes are really to be achieved.

The Role of the Local Government Sector

There is a sector wide development agenda which lies beyond 'improvement'. In recent years central government and the inspectorates have largely set the targets for local government to achieve. The role of the national capacity building agencies such as the IDeA has been to support local authorities in reaching these standards. The local government sector could take much more responsibility for setting standards and reviewing progress against them, going well beyond IDeA's ground breaking work in Peer Review through the Local Government Improvement Programme. But it needs to be clearer about how far it wants to take on this responsibility and how the risks associated with such an approach can be managed, particularly for the most vulnerable groups in society.

The sector and in particular the LGA, IDeA and LGLC also need to think through the implications of the new challenges for current models of development, learning and support. On the one hand their roles could

be to assemble and disseminate knowledge. Alternatively (or maybe in addition) they could play an enhanced role in brokering relationships between authorities and between individuals who can learn from each other. In either case there is a need to work out which are the most appropriate models in different circumstances, how to resource them and how to monitor success.

There is also a need to determine which forms of support are best provided at what level, including what capacity is needed within localities, what support is best provided at regional level and what should be orchestrated nationally. The IDeA and others will need to develop new materials and instruments to help localities (as opposed to local authorities) to improve. This implies a need to rethink how they work with support and improvement bodies in other sectors.

Scenarios

The future course and character of local government improvement will depend on the extent to which the sector is willing to shape that future through its own actions and its interactions with other key actors, and how far the centre is willing to act consciously and creatively to help create the conditions for that to happen. There are multiple possible scenarios, but the extreme and contrasting scenarios seem to us to be:

On the one hand:

- There will be a differential and self consciously greater role for the local government family/sector itself in relation to the other key actors as a major part of a 'whole system' approach...
- ...with central government actively seeking to support that greater role...
-maximising local government's responsibility for improvement....
- ...leading debate on key terms/directions....
- ...addressing not only improvement but also wider matters of development and of innovation...
- ...connecting the new context (of improved authorities) with the greater need for innovation (once basic performance is assured) and the associated learning/action imperative (and its central reliance on peer & partner methods as a way to improve)...

- ...built around real issues (housing, health, economy, cohesion) important to individuals and to communities both as services and as place shapers...
- ...with a strong and differentiated focus on customer service, customer and user service design, and citizen engagement....
- ...aiming for transformational changes calling for political vision, capacity and leadership, shifting and enriching the managerial/political leadership balance as more complex and value laden issues come to the fore...
- ...and striking also the balance between internally self-actualised and externally validated and stimulated change and improvement.

And on the other:

- Government and regulation continue in practice to lead the improvement debate ...
- ...and set the terms and benchmarks of future improvement ...
- ...conducting debate through the policy instruments which optimise their own leverage and leadership ...
- ...giving primacy to a limited idea of improvement ...
- ...and maintaining current theories and ideas of improvement and their associated ideas about motivation and intervention, albeit applying them to an area basis into a wider group of partners ...
- ...with national priorities paramount and without the imagination and capacities at local level to give effect properly to place shaping and to service innovation and transformation ...
- ...with a continuing triumph of rhetoric over reality in matters relating to customer and citizen engagement ...
- ...and relative indifference to the potential of local political leadership to deliver against a new agenda and to help shape that agenda ...
- ... demonstrating a revealed preference for a dependent local government sector through over reliance on external validation and judgment.

We know which we prefer.