

Agenda Item No. 14

WEST MIDLANDS REGIONAL ASSEMBLY

Board of Directors - Friday 8 December 2006

(previously submitted to the WMLGA Executive Committee on 29 November 2006)

The Future of Local Government

Report of the Chief Executive

1. Purpose of Report

- 1.1 To update members on the recent developments affecting the Association and local government in the Region.

2. Recommendation

- 2.1 For members to:
- (a) note the content of the report, and
 - (b) consider the on-going activities set out within.

3. Background

- 3.1 There has been a great deal activity relating to the future direction of local government. This includes the Strong and Prosperous Communities Local Government White Paper; the Lyons Inquiry into the funding, role and function of local government, which is part of the Comprehensive Spending Review process; and activity by the national LGA, including its recent publication *Prosperous Communities Beyond the White Paper*; the Independent Commission chaired by Lord Best reviewing the LGA's relationships and future focus, and; the annual meeting of the Local Government Regional Forum.

4. Strong and Prosperous Communities Local Government White Paper

- 4.1 The major points of the White Paper, which was published on 26th October can be summarised as:
- Compulsory new leadership models
 - Strengthened place shaping role for local government through stronger LSPs and enhanced LAAs.
 - A duty on other specified public sector organisations to co-operate with local government.
 - A greater role for front line councillors including raising local issues through Community Calls for Action.
 - A new performance framework with a greatly reduced set of indicators and targets.

- An opportunity for authorities in two tier areas to apply for unitary status or to be a pathfinder for enhanced two-tier working.
 - A holding position on city regions pending the DCLG/HMT Sub-National Economic Review.
- 4.2 WMLGA held a White Paper event at the Regional Partnership Centre on 17th November to examine the implications of the White Paper on a number of Association work strands. The event was fully subscribed by members and officers from relevant Association networks. The key messages arising from this event have informed this paper and a summary report of the outcomes from the event is provided at Appendix A. This sets out in full the key messages, opportunities, challenges and potential regional support needs.
- 4.3 The White Paper proposals will provide greater freedom for local government, in particular in its proposed reduction of targets and indicators. Nonetheless, it can generally be considered to be more deregulatory than devolutionary, freeing up some more space for local decision making by reducing regulation but not devolving new powers. In doing so, little has been done to re-invigorate the attractiveness of standing for election and increasing the relevance of councils and councillors to local people. On the other hand there are significant new demands on partnership working and in resolving conflicts between the local and strategic.
- 4.4 The proposals often lack detail as to how they will be implemented and much is deferred to later guidance. For example there is little clarity as to how LAAs and Sustainable Community Strategies will operate in two tier areas, or how multiple area agreements will operate between upper tier authorities. However, this lack of definition provides local government with the opportunity to pursue our own agenda, to be ambitious and innovative and determine how the principles will be taken forward on its own terms.
- 4.5 In a sense it is difficult to assess the White Paper until the regulations and guidance become available, these will include:
- the new performance framework, the specifics of the new indicators and targets and the replacement of CPA by Comprehensive Area Assessment
 - Best Value Guidance covering community participation, strategic commissioning and competition and third sector funding
 - The application of Community Calls for Action, overview and scrutiny and governance reforms.
 - LSP, Sustainable Community Strategies and LAAs

- 4.6 It is expected that the Local Government Bill will be published in early/mid December with a second reading in the New Year. Ruth Kelly has raised the possibility of a second bill in response to the final recommendations of the Lyons Inquiry and to reflect any city region devolution.
- 4.7 Ruth Kelly has also indicated that without prejudicing any individual bids for unitary status, she only expects around eight to be successful. In the West Midlands, at a special meeting of Shropshire County Council's full council on 17th November, councillors voted unanimously to submit a formal proposal and business case to the government for unitary local government in the county. County Councillors from all parties have backed a joint bid for one council, to replace the county council and the five district/borough councils in Shropshire.

5. The Lyons Inquiry into Local Government / CSR 07

- 5.1 The Lyons Inquiry forms part of the comprehensive Spending Review process. Sir Michael's latest report *National Prosperity, Local Choice and Civic Engagement* was published in order to influence the White Paper and many of his key themes particularly around place shaping, convening and deregulation have been incorporated.
- 5.2 Bearing in mind the potential for a second bill, it is possible that some short comings in the White Paper could be addressed. When Sir Michael met with RCEG in September he indicated the next stage of his work would cover, among other things:
- the original funding remit;
 - convening role of local government;
 - management of pressures
 - engagement and the role of councillors
 - conclusions on some specific services (planning, transport, skills, infrastructure and housing)
- 5.3 The White Paper sets a challenging agenda for local government in the context of what is widely anticipated as being a very tight Spending Review. The greater complexity of local government work will be made more difficult by long-term issues such as a growing and ageing population. With greater local prioritisation promised in the White Paper, the ability to manage competing pressures will be a substantial challenge.
- 5.4 In this context Lyons' findings on managing pressures and funding could be vitally important in informing the Spending Review and the potential second bill. Although it is understood Sir Michael is in a self imposed purdah there has been some talk that his approach to funding could include a revised approach to council tax, some form of business rate reform and possibly the removal of capping. Whilst the final report will be submitted to the Treasury in December there is no commitment to make the report public.

6 National LGA

- 6.1 The national LGA published ***Prosperous Communities Beyond the White Paper*** on 7th November. The paper is intended to inform the DCLG/HMT Sub-National Review on the most appropriate level for different types of economic decision-making (national, regional, sub-regional or local). The regional level is given some limited recognition but the main thrust is the devolution of planning and economic powers to sub-regions based on cities, city regions and shires (county and districts) working through multi-area agreements
- 6.2 A key proposition in the document is that Regional Spatial Strategies (RSS) should be the sum of sub-regional strategies with the Black Country Study used as an example. An officer response has been made pointing out that the Black Country Study is an integral part of RSS, forming Phase One of its partial revision and a key mechanism for its implementation. The response stresses the importance of taking a "whole region" approach to strategies so that all areas are involved and their interactions properly considered. The point is also made that instead of challenging the need for regional decision making as something that is "done to" local government there is an opportunity for local government to work together proactively as the regional place shaper.

7. LGA Local Government Regional Forum (LGRF)

- 7.1 Members and officers from the regional associations met with officers from the national LGA for the annual meeting of the LGRF on 16-17 November to discuss issues of mutual interest, potential joint working and ways to improve relationships.
- 7.2 The meeting included a session with Lord Best, who is leading the LGA's **Independent Commission** on its future relationships and focus. There followed a debate about how the national LGA can better reflect and involve regional associations, with Lord Best commenting that WMLGA has the reputation as the most effective of the regional associations.
- 7.3 The Commission will be presenting their "framework conclusions" to LGA General Assembly on 14th December and will then be undertaking a limited number of regional sessions. A meeting has been secured for West Midlands' authorities at the Regional Partnership Centre at a date to be confirmed in January or early February.
- 7.4 The debate on **regional relationships** continued after Lord Best left but in the presence of his officer support. The point was strongly made that despite fine words there needed to be evidence of greater involvement of regional association and some recognition of the role and importance of ERN, the network of regional assemblies.

7.5 There were also points made about the value of the national association where there are strong regional groupings. Ultimately, a proposal was made and accepted that the LGA should develop a contract for its membership setting out the level of expectation and contact points. A draft will be presented at an additional meeting of the Forum to be held in Birmingham next spring. While it is not entirely clear at this stage what this contract will cover, WMLGA made the offer to work and if necessary negotiate the contract on behalf of its membership. Further details will be reported to the Executive Committee as they emerge.

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**Local Government White Paper
Improvement Networks Event – 17th November 2006**

On 17th November, WMLGA invited members from all existing regional officer and member 'improvement networks' to an event to consider the potential impact upon their Authorities continuous improvement as a result of the recently published Local Government White Paper. Over 70 delegates attended the event at the Regional Partnership Centre and were joined for the day by Oona Muirhead, CBE, Director of Strategy & Communications at the LGA.

Key Messages:

There was a consensus that the White Paper (WP) offers local government both **opportunities and challenges**, these are explored below.

Government should extend their thinking even further **to trust local government** and its partners to deliver locally – “localism is our agenda not theirs” (Oona Muirhead, LGA).

We should **pursue our own agenda** and not merely receive Government guidance as to how to deliver local leadership, improved collective performance and improved civic engagement.

We should be **ambitious** and push the boundaries. Using the White Paper as an opportunity to be **innovative** and to start **long term radical change**, for example addressing the barriers created by existing institutional boundaries and starting a journey towards achieving **unified 'locality employers'**

The challenges, however, present **serious threats to local democracy** and the White Paper offers **contradictory messages** about local leadership and the incentives to become politically active. It fails to explore the issue of devolution. This is a **missed opportunity** to re-invigorate the attractiveness of standing for election. We need the most able to enter and stay in local government in both democratic and professional roles. Without real power and influence being devolved, we risk further diminishing respect for local government and its relevance to people.

Some consequences of public engagement via **Community Calls for Action** require effective management to ensure constructive and democratic outcomes.

Accountability is at risk through the move to area based assessment. We need equality of accountability across all key partner agencies. Coupled to this is the need for **national performance targets to be rationalised** to ensure that we do not have contradictory performance requirements affecting local partners and thus undermining the ability for local area agreements to make a real impact. It is essential that the **Comprehensive Spending Review 2007** delivers this fundamental change to Whitehall performance cohesion.

A recognition that more **collaborative working** between authorities and support for collaborative working was required if the challenges of the **efficiency agenda** set out in the White Paper were to be responded to effectively.

Opportunities:

- White Paper and CSR '07 offer the potential to achieve improved alignment of National PSA targets with those being developed for delivery via Local Area Agreements.
- Invigorating the role of scrutiny through extension of the duty to co-operate to 20 named agencies, presenting local government with the opportunity for stronger community leadership.
- Invigorating Member development and support – explicitly directed towards improving performance and the profile of local authorities.
- Pursuing greater local autonomy in setting performance targets and gaining real collective partnership buy-in to locality based priorities.
- Building strong Partnerships which can deliver strong accountability for place shaping
- Create simpler and more effective democratic processes, designed by local government and not by DCLG.
- Defining what community leadership really means and differentiate discrete models for strategic leadership and 'local' leadership.
- Establishing a realistic and proportionate cycle of assessment by Government and its inspectorates, for example, a 3 year programme for Efficiency reviews.
- Shifting the focus for delivering efficiencies to improved public sector collaboration (e.g. shared services across institutional boundaries)
- Driving government to deliver on the new performance framework and the risk based inspection proposals.
- Embedding overview & scrutiny into new Performance Management Frameworks and future assessment methodologies – measuring the contribution of non-Executive Members to improving performance.
- Securing direct funding support for Local Strategic Partnerships to ensure fitness for purpose and further develop maturity (NB: RIEP is already considering funding a support programme for LAA's in the Region).
- Developing new (employment and governance) models to best meet the needs of local communities e.g. exploring, developing and piloting the 'Locality Employer' concept.
- Encouraging and accelerating the development of generic public sector managers (shifting from the 'local government manager' to the 'locality manager').

- Using the White Paper as a stimulus for pursuing a cross public sector regional pay and workforce strategy by building on the Public Service Compact model and improving public sector engagement with the Regional Skills Partnership (and aligning with relevant sub regional initiatives such as the City Region).

Challenges:

- Establishing the spatial level upon which Area Based Assessments can be properly applied? – what impact will this have for Shire County areas?
- Aligning partners and agencies to deliver a locality based agenda whilst they are driven by nationally set targets, often in conflict with one another.
- Engaging all sections of the community and effectively capturing and using public/customer feedback and intelligence.
- Ensuring ‘area based assessments’ equitably measure the contribution made by all partners.
- Engendering and embedding a collaborative culture across partners and agencies.
- Breaking down institutional boundaries that act as disincentives and barriers to the delivery of effective and co-ordinated delivery of public services at a local level.
- Are Local Area Agreements too ambitious to deliver? (should we instead develop bi-lateral partnering and use this to demonstrate locality base partnership delivery).
- Managing the inherent conflict between the devolvement (to neighbourhood level) agenda and the continuing demand for efficiency gains through shared services provision.
- Developing the capacity of elected Members to respond to new roles and where individual authority political and managerial culture is opposed to the role of scrutiny.
- Securing cross over and complementarities between Local Development Documents (Planning) and Sustainable Community Strategies, the former should provide the spatial or land use framework for the latter.

Regional Support Needs:

Positively promote the role and reputation of regions Local Government and provide a regional 'safe space' through WMLGA supported networks, which allow for shared thinking and development of effective strategic solutions.

WMLGA (and its networks)

- Support members to undertake their new roles and responsibilities with an emphasis on skills and competencies
- Develop new models for management of council business, allowing Members to focus upon work priorities.
- Map overview and scrutiny activity and responsibilities across the Region – developing a rationale for future scrutiny of external agencies under a duty to co-operate.
- Establish the role of GOWM & DCLG in the implementation of the WP – demand Government joined up thinking.
- Commence dialogue with other agencies to explore the steps towards creating a locality employer (think creatively to remove blocks to progress – through to seeking enabling legislation).
- Influence at a national level to shift the focus of public sector pay and workforce strategies to a regional (cross sectoral) level.
- Support the development and delivery of new and improved models of locality management and a new generation of public sector managers.
- Improve public sector engagement with the Regional Skills Partnership (and align with relevant sub regional initiatives such as the City Region).

Via Regional Improvement & Efficiency Partnership:

- Improve capacity (both development and delivery) to bring about a step-change in performance through fixed term deployment and shared learning and development initiatives; piloting solutions / brokering efficiencies / sharing information about who's doing what / providing working examples / networking and encouraging collaboration
- Develop a common understanding of the role of strategic commissioning at a locality level.
- Ensure deployment of Capacity Building and Efficiency Review funding adequately address the capacity issues identified as a result of the White Paper.

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