



# For Good Measure

Devolving Accountability for Performance  
and Assessment to Local Areas

Written by Tom Shakespeare

Edited by James Morris

Foreword from Sir Simon Jenkins



[www.localis.org.uk](http://www.localis.org.uk)

# About Localis

## Who we are

Localis is an independent non partisan think-tank dedicated to issues related to local government and localism. We carry out innovative research, hold a calendar of events and facilitate an ever growing network of members to stimulate and challenge the current orthodoxy of the governance of the UK.

## Our philosophy

We believe that the primary role of the state should be to reduce the need for the state, by fostering an independent society and a diverse local economy. Local government and citizens need to have a much greater role to achieve a stronger and more independent society, in which there needs to a closer proximity and visibility between taxes paid and money spent. We also believe in opening up the state monopoly in public services to provide greater choice and personalization.

## What we do

Localis aims to provide a link between local government and the key figures in business, academia, the third sector, parliament and the media. We aim to influence the debate on localism, providing innovative and fresh thinking on all areas which local government is concerned with. We have a broad events programme, including roundtable discussions, publication launches and an extensive party conference programme.

## Find out more

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# About the Authors

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# Foreword by Sir Simon Jenkins

The future of democratic government lies in repairing the link between those who pay for public services, taxpayers, and those who deliver them, politicians. That link is electoral. Since most services are delivered locally, the most crucial election is also local. On this all parties claim to agree. No buzzword is more frequently invoked than that of localism.

Yet there is little agreement on what local service delivery means, or on the mechanisms by which people should choose policies and decide how much to pay for them. In other words, there is little agreement on how much power can be left to local electorates. Centralism has become an ingrained habit of mind in Britain. As a result achieving localism has come to rank with ending world poverty as little more than a feel-good platitude.

The true cost of Britain's prevailing centralism is coming to light only with the current curb on the recent burst of spending to which it has given rise. The cost is due to one-size-fits-all standardisation, natural diseconomies of scale and, as this pamphlet makes clear, an edifice of monitoring, targets and inspection to enforce central norms.

Centralisation has been defended as answering a need for geographical equity, yet that equity has proved elusive while the cost of seeking it is disproportionate. A return to far wider local discretion need not open wide divergences of services, such as between rich and poor areas. There is a long history of income redistribution both in Britain and abroad. But a return to the localisation of decisions on taxing and spending does require adequate information, so people can understand and decide the options put before them by their councils – in cities, counties, municipalities or parishes – and measure their delivery.

This pamphlet offers an admirable programme for such information. It enables localisation to move forward on a broad front and rebuts those who claim that a modern unified democracy cannot tolerate local diversity.



Simon Jenkins

# Executive Summary

## Vision:

This report is a contribution to the debate on the future of local government performance and assessment. In it we outline our vision for reducing the burden of inspection on Councils, while simultaneously increasing local accountability and the level of sector led assistance and support. Among a whole range of potential benefits of this new system, we foresee that the performance of local government will increase; the cost of bureaucracy and compliance will decrease; and the tools for a new wave of citizen-led participation will have been given to local residents. These changes are designed to sit within the context of a vision for a new kind of state, in which local government both takes more power from central government, and simultaneously fosters an environment of citizen activism.

## Principles of the Report:

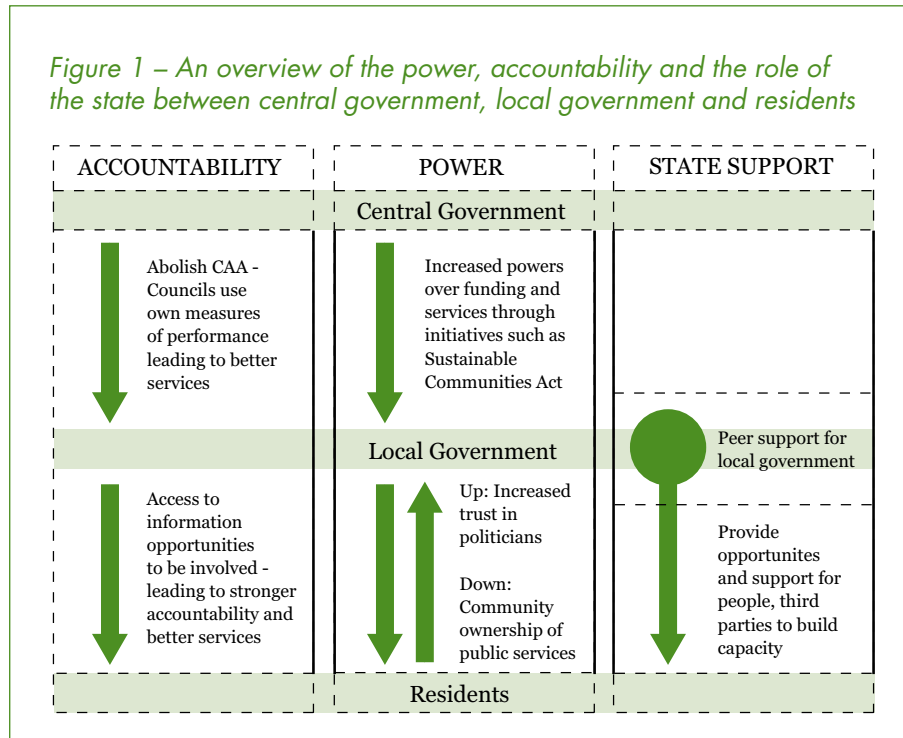
- **The accountability of local government should rest with local residents**
- **Measuring performance can increase performance, but only when the right measures are used**
- **Measures of performance should be selected and used by those people who are accountable for them**
- **Burdensome inspection regimes distort behaviour and create an unnecessary and costly bureaucracy**
- **Peer support and comparison of local government is a powerful driver for improvement**
- **Local government initiatives to involve residents should not do so for its own sake, but rather to explicitly improve services for its customers or to devolve power to its citizens**

## Headline findings:

- **The performance of local government will be increased by reducing the burden of inspection** – The current performance regime has led to measures becoming targets. These targets have distorted the actions of local government. We have set out a framework to create a non-prescriptive performance framework which is designed to increase local accountability and a sector led approach to assessment. The national indicator set should be slimmed down, and a system put in place to ensure that the measures are put through a rigorous check before becoming standardised.
- **Increasing the level of local government accountability to local residents will have a number of benefits including improved performance** – We make a number of recommendations for how local accountability could be increased including releasing financial expenditure to the public, communicating the

strategy and decision making process to the public and increasing access to information on the core interests of local residents.

- **Removing central targets and inspection will save a considerable sum of money** – It is estimated that the cost of compliance alone is in the region of £2 billion. But external estimates of the costs of distortion and poor system design resulting from central interference range from £17 billion to £34 billion.<sup>1</sup>



### Headline recommendations:

- The CAA should not be mandatory, and Councils should be encouraged to opt out of it - Councils can choose to have external audits of performance should they so wish. They will still be audited on their financial accounts. And they must also choose their own measures to drive up performance.
- All Councils will be required to carry out a self assessment of their own performance – This will feed directly into their strategy and determine their use of measures to increase performance. The strategy will be fully locally determined, with no central interference.
- Councils will be required to release more information to residents – This will begin with financial expenditure information over £500, and information about the work of elected officials.
- The National Indicator Set should be overhauled – 25 indicators will immediately be deleted from the NIS, and all other indicators and central targets will have to go through a rigorous check based on: public interest; whether they are required to measure minimum standards; or going forward, whether they are used as the basis for many Councils own measures of performance. The data will form an ever evolving 'Local Indicator Set' which should be collated and released on a single website for public interest. See figure 4.
- Central government should cede more powers to local government in line with or at a faster rate than increases in local accountability – Accountability without the ability to change those things over which they are held to account both damages performance and undermines the case for localism.

<sup>1</sup> Seddon, J. (2008), 'Systems thinking in the Public Sector'. Triarchy Press.

**More recommendations:**

- All Councils should carry out an analysis of what information people are interested in. This could operate through Fol analysis, surveys, residents panels and a range of other methods.
- Councils should release the raw information which is of public interest as regularly as possible on their website or in any other appropriate form.
- Local authorities should look to support and encourage third parties to display the raw information in an engaging and meaningful way to local residents.
- Existing organisations representing the interests of local government should look at new ways of providing support to local government, especially in the translation of best practice into the vision of different Councils and in the practical implementation.
- Where there is a clear breach or catastrophic failure to meet public expectations, then the local government community, acting through the LGA family, can instruct an independent body to assess the failures and make recommendations to improve performance.
- All common measures of performance should be released in the public domain on a single website.
- Councils should actively look to provide opportunities for local residents to take direct control of aspects of their local area, including supporting asset transfers and community co-operatives.
- Councils will continue to be required to carry out an audit of financial accounts by an external auditor on an annual basis.



# Introduction

The aim of this publication is to inform new thinking and practice in local authorities with regards to strengthening local accountability. It will also lay some foundations for how to begin addressing the excessive burden placed on local authorities to comply with the inspection regime. The aim is not to argue for the destruction of performance management per se but rather that performance should be accountable to the right people, and that it should be driven up based on the needs of local residents, and not encourage a compliance culture. This will be achieved through more self and sector-led assessment as well as through new initiatives to increase local accountability.

In the coming years there will be more pressure on public sector spending than there has been for many years. At the same time all parties have committed to a reduction in the burden of inspection, and in their Control Shift paper<sup>2</sup> the Conservative Party have extended this to a commitment to dismantle the Comprehensive Area Assessment framework. It is in that context that this report will outline a radically different kind of approach to accountability, focussing on increased levels of public knowledge and participation as well as on providing greater freedoms to local government to measure their own performance. Such reforms offer the potential for a radical improvement to the current system, but are not necessarily new when viewed from a historical or international perspective.

## A history of performance and assessment in the UK

If rate capping was the definitive feature of central interference in the eighties and nineties, then the growth of the performance and assessment regime has defined the relationship in recent years. However, before the middle of the nineteenth century there was little central involvement in the affairs of local government, and central government was left to the 'high politics' of international affairs and issues of national concern, while local government was responsible for almost everything else.

Only with the introduction of the New Poor Law, which was passed to monitor the way in which the Poor Law<sup>3</sup> was applied by Unions, did the auditing culture really change in the UK. In 1835, Parliament passed the Act for the Regulation of Municipal Corporations with a provision for each newly structured municipality to elect two auditors, to carry out various specific duties and generally to guard against any fraudulent or negligent misappropriation of the borough's funds. In 1844, England and Wales was divided into districts and each was assigned an auditor with statutory powers to rule on accounts and also to take action when needed. Two years later a District Auditors Society was created.

<sup>2</sup> Conservative Party (2009), available at: [http://www.conservatives.com/news/news\\_stories/2009/02/its\\_time\\_to\\_transfer\\_power\\_from\\_the\\_central\\_state\\_to\\_local\\_people.aspx](http://www.conservatives.com/news/news_stories/2009/02/its_time_to_transfer_power_from_the_central_state_to_local_people.aspx).

<sup>3</sup> System of poor relief provided by individual parishes in existence until the rise of the welfare state after the Second World War.

The brief of the auditor was extended steadily during the 19<sup>th</sup> century (especially due to unprecedented growth of cities during the Industrial revolution) and Parliament increasingly turned to these figures to keep tabs on expenditure at the local level. In 1868, the Poor Law Amendment Act formally acknowledged the district auditor tag for the first time and ruled that they would become civil servants appointed by central government. They ran a 'District Audit Service' funded by parliament under the District Auditors Act of 1879. This remained fundamentally unchanged until the Local Government Act of 1972. During this time, the service became so important that its leaders were setting the rules that would define the practice of local government finance for decades<sup>4</sup>.

It wasn't until the 1980's that central government further extended its reach into the financial affairs of local government. Compulsory Competitive Tendering (CCT) was introduced in the UK by the Conservative government of the day in an attempt to bring greater efficiency to local government and health services through the use of competition. A compulsion to focus on 'value for money', and later 'best value' resulted in resistance by local authorities, as well as an expectation by central government that local government should meet centrally determined standards in financial decision making. Before the 1980's there was only a rough idea of what different parts of the public sector were spending, what their objectives were and whether those objectives were achieved.

The establishment of the Audit Commission in 1982 paved the way for more extensive auditing of finances and performance of local authorities. The Commission consequently went on to set goals and review local authorities' performance in the same way as businesses<sup>5</sup>.

### Case Study: The Audit Commission

The Audit Commission was established by the Local Government Finance Act of 1982 (although it was first proposed in 1970). It was established to oversee local government and appoint local government auditors for a wide range of audit tasks, mixing up special studies with more traditional audit work. It is independent of the executive and is accountable to the secretary of state.

It has been instrumental in introducing private sector firms into the audit process. In the mid-80s nearly 26% of all local authority audits were made by private sector firms. The remaining work was made by the District Audit Service (DAS), an organization which was made autonomous in order to introduce greater competition and which was needed to adjust to its role accordingly.

In 1990, the Commission assumed responsibility for the external audit of the NHS. In the mid-90s it was responsible for the audit of £90 billion of expenditure (almost 15% of the GDP). This showed its rapid growth in 13 years of existence. In 1992, the AC was given new powers to specify, collect and publish performance indicators for LAs, which intended to provide information to local people about performance (their primary focus) and allow comparisons between them.

<sup>4</sup> Campbell-Smith, D. (2008), *Follow the Money. The Audit Commission, Public Money and the Management of Public Services, 1983-2008*. London: Allen Lane.

<sup>5</sup> This was called the Best Value Review that was later re-launched as Comprehensive Performance Assessment due to complaints that the former put too great a burden on local agencies.

During the 90s a striking feature of UK public services was the rise of performance monitoring which was aimed at recording, analysing and publishing data in order to give a better understanding of how government policies change public services and improve their effectiveness. This led the then Prime Minister John

Major to devise the Citizens' Charter for better services. It was introduced at a time when a number of municipalities across the country had already developed ways of measuring their performance to collect the service commitments made in their own local charters.

Consecutive Labour governments since 1997 have put in place Performance Assessment Frameworks and Best Value Performance Indicators (BVPIs), and in 2007 Hazel Blears introduced the National Indicator Set (NIS). The 2006 Local Government White Paper, *Strong and Prosperous Communities* committed the government to introducing a set of streamlined indicators that would reflect national priority outcomes for local authorities working alone or in partnership.

There has more recently been a shift in focus from performance assessment to area-based assessment, reflected in the new Comprehensive Area Assessment (CAA), introduced by the Audit Commission. This is an attempt to be less directive and more illustrative of challenges in local areas, and to engage more people about performance through a new website – 'OnePlace' – which aims to make performance assessments easily accessible and comparable between areas. However, most Council officials believe that it has not reduced the burden of inspection, and many Councils are hostile towards it.

### Current views towards inspection

Towards the end of 2009, a number of Councils declared that they were no longer going to use Council resources to collect information for the CAA. The hostility towards the CAA has also extended into rather heated debates between academics, leading politicians and think-tanks. Furthermore there seems to be a recognition in central government that the performance and assessment regime needs further reform. In the pre-budget report, the government outlined a number of priorities for reform including efficiency savings from a reduction on the burden of inspection.

#### 2009 Pre Budget Report for Local Government

- A 'Total Capital' approach to working with other Government departments to better align capital investment.
- A commitment to examine, subject to the overall fiscal position, further finance mechanisms, powers and flexibilities which could support local authorities to drive growth and innovation
- A commitment to examine the framework and legislative changes that would be needed to implement Tax Increment Financing
- A commitment to examine the scope for local authorities to borrow against future CIL revenues, Renewable Heat Incentives (RHI) and Feed-In Tariffs (FIT), and revenues from new Council house building (where this offers value for money).
- Savings of £2.6bn from local government by 2012-13.

The commitment of all the main parties to reduce spending and to reduce the burden of inspection provides a big opportunity to rethink how a 21<sup>st</sup> century system of audit and performance accountability should operate. The Total Place initiative is beginning to ask some of the right questions about how public

services should be delivered and assessed on an area basis. However, it is likely that it will fall short of full flexibility over pooled budgets, and a focus on cost alone is unlikely to yield the kind of results expected of it. Similarly, Multi-Area Agreements have been a step in the right direction towards fostering more collaborative relationships between areas on common problems, but they have also created a rather rigid bureaucracy around partnership working.

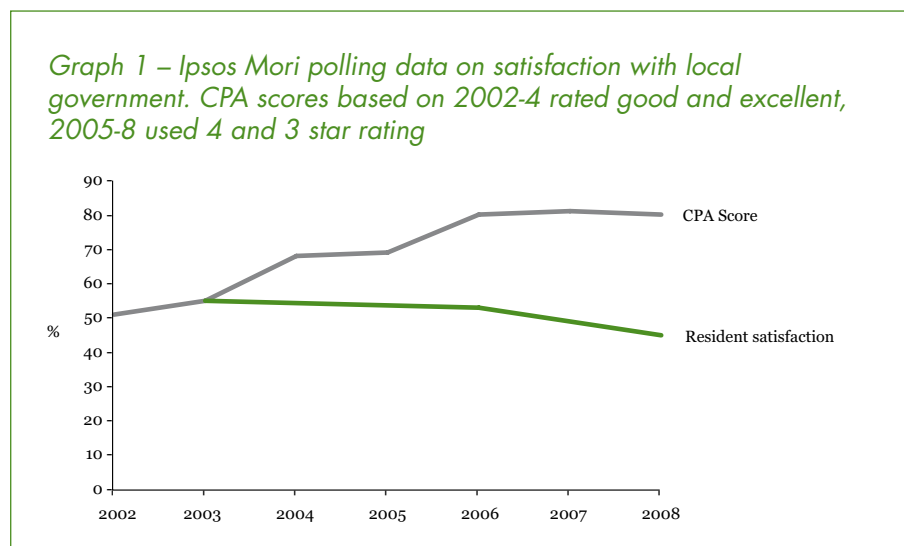
There will be several strands to improving the performance of local government in this report, including:

- Direct accountability to residents for what matters to them
- Peer support over performance and improvement
- A dramatically slimmed down role for central audit

The first chapter will explore some of the challenges for the performance and assessment regime. Chapters 2 and 3 will discuss a potential way forward for the performance regime, illustrated throughout with case studies. The final chapter will conclude with general findings from the report.

# 1. Challenges for any performance and assessment regime

The aim for any performance and assessment regime should be to increase performance. But in recent years we have seen a steady increase in 'performance' in local government, but with corresponding decreases in levels of resident satisfaction.



One explanation for this apparent dichotomy is a lack of public knowledge about the work of local government. Informing residents about the work of Councils can have a significant impact on satisfaction levels, and it has been suggested that there is a correlation between satisfaction levels and the communications strategy of the Council<sup>6</sup>. This apparent ability to increase satisfaction purely through communications raises even more fundamental questions about the nature of performance and assessment.

## Performance measures can lead to distorted behaviour

Most evidence suggests that major problems arise when the measures of performance are not aligned with what actually needs to be improved, or 'performance' is not fully understood. There are a number of reasons for such a misalignment:

<sup>6</sup> Page, B. (2005), Presentation given at LG Communications Conference, Liverpool.

1. **The wrong measures are chosen** - The measures used to judge performance overlap or even measure completely the wrong things.
2. **There is no clear causation** - The relationships of causation can be complex and inter-related, and where clear causation cannot be established the actions of the body being assessed will be distorted in a seemingly unpredictable fashion.
3. **There is no standard template** - It may also be the case that local variations have an unpredictable effect on any standardised performance regime.

Sometimes central targets will lead to increases in performance, and other times they will lead to decreases in performance. By allowing parts to win, you can do so at the expense of the whole system<sup>7</sup>. Therefore the more targets you push the more damage you do to the whole system. The challenge is to get the whole system to win. The solution, according to a number of leading experts, is to evaluate the current system and create processes and measures which can map those changes, with consideration about what it is you are really trying to achieve.

### Improve performance for residents, not central government

The second key component of performance and assessment is to ensure that it is focussed on local people, and not central government. Strengthening local accountability to local residents is therefore a vital part of reform to the performance and assessment regime. We discuss in chapter 2 the reasons why local accountability is weak in comparison to other comparable countries.

Focussing on local people is at the heart of both increasing local accountability and in choosing the right measures to increase performance. Whatever measures are adopted to assess performance, they should be aimed at improving outcomes for the people they represent. It sounds straight forward, but the current system both distorts and prevents local authorities from truly taking a customer-led approach to the improvement of public services. Portsmouth, for example, has taken a more customer focussed approach to housing, leading to better results and efficiency savings.

#### Case Study: A customer approach to housing in Portsmouth<sup>8</sup>

Categorising jobs into 'emergency' and 'non-emergency' to meet government housing targets for 'decent homes' has led to incomplete repairs, missed appointments and poor quality work. It was also suggested that high figures of 98% satisfaction which have been achieved in Portsmouth could not be true because they were based on questions such as 'did the workmen smile when they came around?' Furthermore, services were organised by functional specialisms such as 'empty properties' and 'tenant repairs', again to meet government targets. This meant that the Council was unable to take a holistic approach, which has led to the Council being unable to meet the demands in tenant repairs at peak times during the week.

Portsmouth have now organised their staffing levels based on peak demand, and not specialisms, meaning that all staff can help out at peak times. The Council has opted out of the government's choice-based lettings scheme and the Decent Homes standard precisely because they impose priorities on tenants.

<sup>7</sup> Deming, W. Edwards (1994), *The New Economics: For Industry, Government, Education*. MIT Press: Massachusetts

<sup>8</sup> The Guardian (25<sup>th</sup> November 2009) 'Local Council puts the customer first'. Guardian Society.

The scale of central involvement in the UK becomes even more acute when compared internationally.

### International Perspective

Increased public expectations of public services are a common feature facing public services across comparable countries. But the UK is characteristically more centralised in its approach to performance assessment than most other countries. In Germany for example, innovation in public administration has been driven largely by local government rather than central government, especially since reunification. A similar bottom-up approach can be found in Sweden.

In the Netherlands, central government has played a steering and encouraging role rather than coercive, outlining outcome-oriented, non-prescriptive budgets which have given the freedom for authorities to determine the form of these for themselves. Recent changes by the municipalities organisation (VNG) have led to moves towards agreed benchmarking tools to produce publicly available information – and not enforced by central government. Similarly in France, improvement is largely driven by local authorities themselves, and auditing is general and does not cover performance.

#### Case Study: Bottom up and horizontal performance management in Germany<sup>9</sup>

Faced with huge financial pressures post-reunification, local authorities had reason to look favourably at the ‘new steering model’, the German version of ‘reinventing government’ or the ‘new public management’. The critical role in its diffusion was played by KGSt, a consultancy funded by the municipalities and counties. In other words, this was a bottom-up – or at least horizontal – process rather than a top-down one. The German Association of Cities has also played a role in diffusing innovative practice. Although full adoption of the model was patchy, major changes in service delivery were made while costs were reduced: staff numbers fell by a third in the decade after 1992.

There are, nonetheless, some cases of increased intervention by the *Länder* in the affairs of local government. For example, financial pressures on local authorities have led the *Länder* to push through new, more exacting accounting requirements on local government. At least some *Länder* are showing greater interest in local authority performance management, requiring Councils to operate a system that generates much more information about outputs. This approach is relatively light touch, and quite different from the experience in the UK.

In Denmark, Canada and Australia, the performance regimes have a larger degree of central involvement. In Denmark however, tighter central inspection has been accompanied by much greater local financial autonomy and more functions. In Canada, there is no heavy inspection regime other than accountability for up to 60 indicators. Some states in Australia more closely resemble the scale of inspection in the UK, with a similar system (although without stars or flags) for inspection. But across these comparable countries, no system is quite as pervasive and at such a comprehensive scale as in the system found in the UK.

<sup>9</sup> Gough, R. (2009), *With a little help from our Friends: International lessons for local government*. London: Localis.

### Unpopularity of the inspection regime

The introduction of CAA has had mixed levels of popularity since its introduction. Some have argued that the focus on area based assessment is a step in the right direction, and has been seen as marginally less judgemental and uniform in its assessment. Yet amongst the local government community more generally, there is a strong sense that the CAA is not a dramatic improvement on CPA. An LGA survey showed that 63% of local government officials felt that the CAA focussed on the highest priorities for their areas, but 66% thought that the burden of inspection was not decreasing as a result of the CAA<sup>10</sup>. Without the support of local government itself, it is difficult to make the case that it is fit for purpose, especially when compounded with the burden and cost of inspection.

### Inefficiency of the inspection regime

A number of estimations have already been made about the cost of compliance of the current inspection regime. The Total Place pilots have uncovered the fact that in Leicester and Leicestershire alone over one hundred people are employed to gather data and send returns to local government at a cost of £3.5million, with a further £3.5million to adhere to central inspection regimes. If this total was similar across all upper tier Councils in England, the cumulative burden would be well over £1billion. The LGA estimates that the cost of unnecessary bureaucracy could be cut by £4.5billion by reducing unnecessary policy activity, having greater spending flexibility, the removal of unnecessary quangos and government offices as well as a reduction of the burden of inspection which costs an estimated £650million for local government. The Audit Commission estimate that for all local authorities (including fire and others), the total cost of compliance is in the region of £820million, but the National Audit Office estimation is by far the biggest at £2billion. In terms of unnecessary bureaucracy, an LGA survey showed that 82% of local government officials felt that they had done extra work to respond to CAA that they would not have done if they were doing it to manage their own performance<sup>11</sup>.

But the cost of the distorting behaviour of targets is likely to be much larger than the headline figures for compliance. By the time the cost of poor system design, wasted time, duplicated work and loss of morale have been factored in, it has been estimated that 20% to 40%<sup>12</sup> could be saved on the core elements of Council expenditure alone (which account for approximately £86billion<sup>13</sup>). This amounts to a saving of between £17 billion and £34 billion. Factoring in the cost of compliance, the total potential saving of removing the inspection regime could be in the order of between £19 billion and £36 billion across all UK local authorities.

### The challenge for the future of assessment

Despite all of the problems associated with the current performance and assessment regime, moving towards a new model will not be without its challenges, albeit different ones. The first challenge will be to determine how to drive up performance without distorting action. In a devolved accountability framework, there will be challenges about how to compare performance between different areas, how to ensure data quality and accessibility, and how to engage people sufficiently to hold the Council robustly to account, especially when it is perceived that it is perfectly rational for them to be disengaged. But there are big challenges too in the internal operations of local government and how it measures its own performance and drive improvements. Increased local accountability combined with low levels of local control<sup>14</sup> could actually

10 Local Government Association (2009), *Comprehensive Area Assessment: How is it measuring up so far*, p.3.

11 Ibid (2009) p.6.

12 Seddon, J. (2008), *'Systems thinking in the Public Sector'*. Triarchy Press.

13 Treasury estimates 2007/8 local government current expenditure to be £140bn. The final figure of £86bn is found by taking away 2007/8 DCLG current expenditure estimates for education, police, fire and rescue and courts (£54bn).

14 It is estimated that local government control only 5% of total local public service spend



damage the case for more localism as Councils will be unable to deliver on the issues over which they are held to account. However, we are convinced that the ultimate goal of increased local autonomy and accountability over performance is absolutely the right direction. This will make the process of implementation and change extremely important to any meaningful reform. The next chapter will outline the first step in achieving the kind of radical reform we have begun to describe.

## 2. Creating stronger local accountability to improve performance

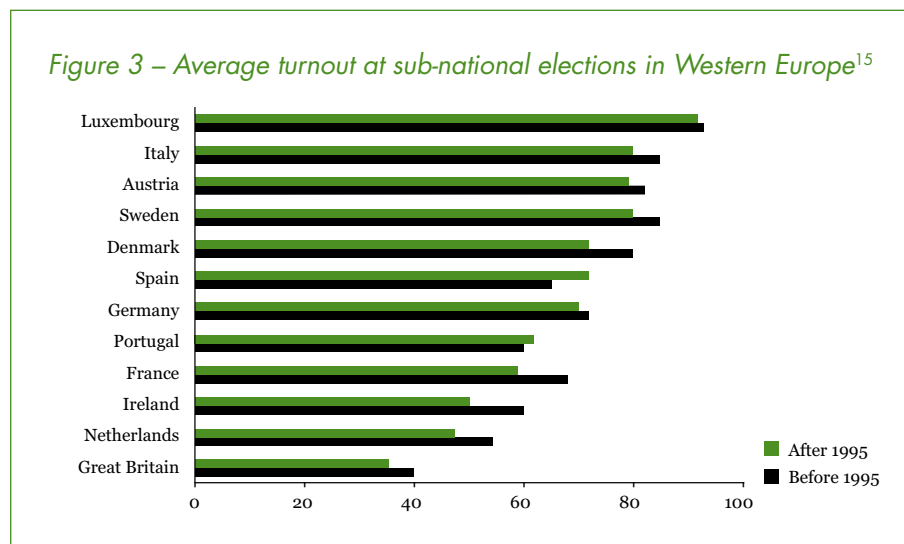
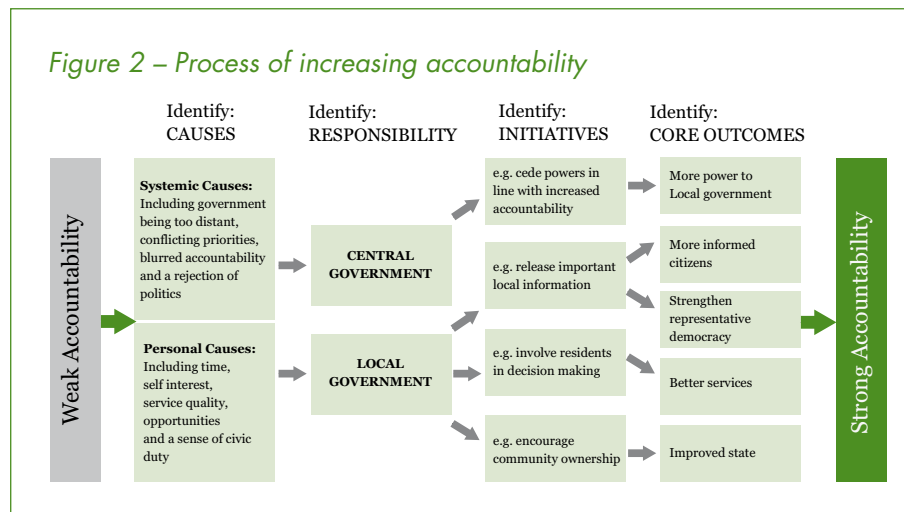
Creating stronger local accountability of local government is critical to rebalancing power between central and local government, and in providing a platform for a devolved system of performance and assessment. The recommendations in this chapter will also be based on the following underlying principles:

- Increasing political accountability is vital for a devolved system of performance and assessment
- Increasing political accountability will also both enhance representative democracy and create the potential for citizen-led activism and involvement. We should not try to prescribe the ultimate outcome of increased accountability.
- Providing information is at the heart of increased accountability.
- Local government has an important role in increasing the number of residents who hold the Council to account by providing opportunities for people to get involved.
- Councils should be explicit that any initiatives it undertakes to involve more people should be designed to improve services, transfer ownership to residents, or to increase the number of people who hold the Council to account. 'Empowerment', 'engagement' and 'involvement' initiatives should not be carried out without due regard for what it is they are trying to achieve.

There are also a whole range of other potential benefits for increased local accountability including: driving up standards and better decisions by the Council; increased trust in politics and politicians; a guard against mismanagement and corruption; increased innovation, and; more people involved in solving local problems. The most important processes for increasing local accountability can be demonstrated by Figure 2.

The case for greater levels of local accountability is therefore very strong, but accountability of local government is currently very weak. The most obvious indication of the weakness of local government accountability is the level of voter turnout in local elections. In recent years, the number of people voting in local government elections has fallen, and has been consistently below the turnout for national elections. Those that do vote are likely to vote along national lines rather than on specific local issues. This can be evidenced by the reasonably strong inverse relationship between electoral cycles and the voting patterns of central and local government. But even in absolute terms, the UK

falls far behind other European counterparts. While local election turnout is below 40%, the turnout in General elections is between 60% and 85%.



The low standing of UK local government election turnout in international terms illustrates the scale of the problem, but does not explain the cause. According to the Hirschman model of political disengagement, people will always choose to exit (withdraw from the relationship with the Council); voice their opinion (attempt to repair or improve the relationship through communication of the complaint, grievance or proposal for change); or remain loyal for a variety of reasons.

### Case Study: 'Exit, Voice and Loyalty', Albert O. Hirschman

This game-theoretic model describes how the members of an organization have two possible responses when they perceive that an organisation is demonstrating a decrease in quality or benefit to the member. They can:

- **EXIT:** withdraw from the relationship
- **VOICE:** attempt to repair or improve the relationship through communication

<sup>15</sup> ODPM (2002), cited in Wilks-Heeg and Clayton, 2006, p.175.

of the complaint, grievance or proposal for change. While both exit and voice can be used to measure a decline in an organisation, voice is by nature more informative because it provides the reasons for said decline. Exit alone only provides a warning sign of decline. Exit and Voice also interact in unique and sometimes unexpected ways; by providing greater opportunity for feedback and criticism.

- **LOYALTY:** can affect the cost-benefit analysis of whether to use exit or voice. When there is loyalty to an organisation, exit may be reduced, especially where options to exit are not so appealing.

By understanding the relationship between exit and voice and the interplay that loyalty has with these choices, organisations can craft the means to better address their members concerns and issues, and thereby effect improvement. Failure to understand these competing pressures can lead to organisational decline and possible failure.

Exit from political activity need not be physical, but can be mental or emotional. The consequences of this exit can sometimes provide an explanation for why voter turnout is often low in countries where free elections are being held for the first time in years. But it also gives an indication of why voter turnout is so low in countries where it is perceived that their vote will make very little difference. Overall, this model is a useful way of framing the process of political disengagement. But a low voter turnout is a symptom of the more fundamental causes of political disengagement, and we therefore need to explore what the fundamental causes of political disengagement might be.

### The causes of low levels of accountability

It is often suggested that the main reason why people are not engaged in the political process is that people feel unable to influence decision making within the bureaucracy of the Council. It is a non trivial task to delineate why the UK is an outlier internationally in this regard, but there are several potential explanations, also non-trivial, which go to the heart of the governance of the UK.

1. **Government is too distant from the people** – One of the most striking features of the governance of the UK is that it is one of the most centralised in the developed world, as evidenced by the fact that local government controls less than 5% of its own public service spending, and raises only 25% of its own revenue. This results in people turning to central government, where the real power lies, rather than to local government. The large size of English local authorities (some are larger than Luxembourg) is also a major problem, especially when compared to the communes in France which sometimes have as few as 100 residents per elected official.
2. **The conflicting priorities of local government** – There is often confusion over what the role of local government should be, and the extent to which local government should be a service provider. At different times Councils may refer to residents as citizens or customers depending on the context. Nevertheless, there is an argument to suggest that a Council can undermine its legitimacy as a 'place-shaper' and representative of citizens if it is also responsible for providing services to the same people. These dual pulls on

Councils can influence the impression people have of local government more generally, and influence people's willingness to be involved in local politics.

3. **There are blurred lines of accountability** – Aside from the lack of clarity over the role of local government, there are a whole host of quangos and other bodies which help to confuse lines of accountability to local people. There is also a great deal of confusion over who is responsible for certain services. Many people assume that adult social care for example, comes under the remit of the NHS, while simultaneously thinking that they will receive full support when they need it. Two tier Councils are also often cited as an example of blurred lines of accountability.
4. **A rejection of the political class** – Increasingly in recent years there has been a growth in the distrust of politicians, especially following the expenses scandal. This has undermined trust in politicians generally, but at the local level the problem has become even more acute with fewer people becoming interested in becoming Councillors, or feeling that they can influence decision making. The hollowing out of local political parties and press may be contributing factors, as may the electoral system itself. But as one resident said to a Council leader, writing in a recent Localis article, there is a general feeling that:

*'It doesn't matter which way I vote, the Council always wins'.<sup>16</sup>*

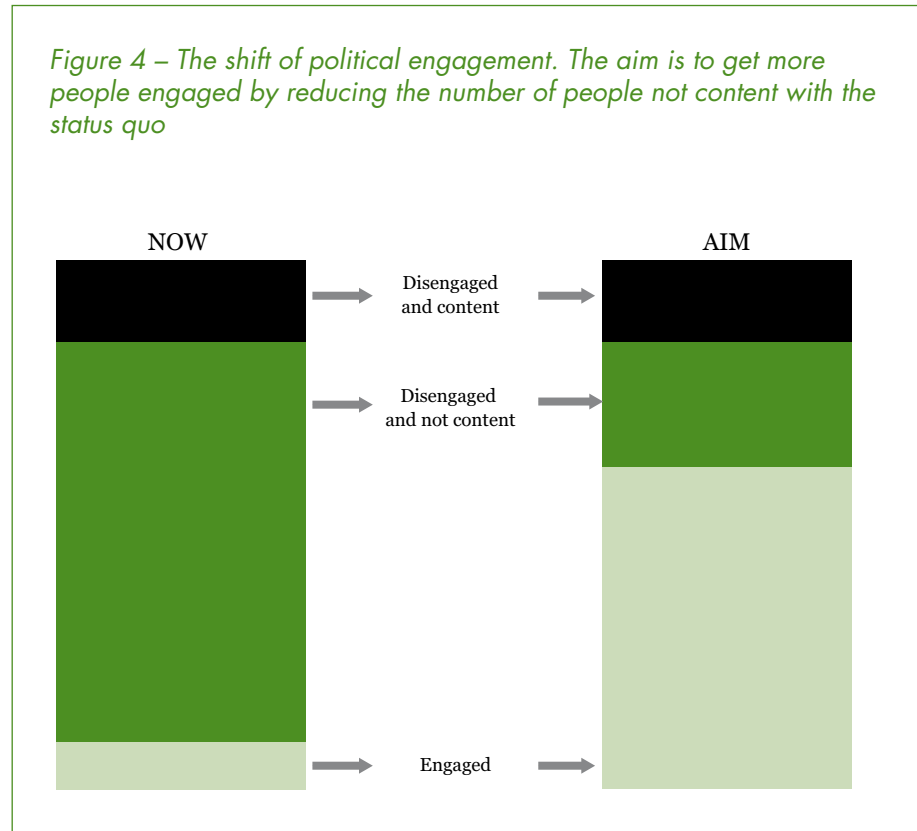
It is not just the low voter turnout which indicates the low levels of local government accountability, it is also the range of activities in between elections which define people's involvement in local affairs, including: public meetings, residents panels and customer feedback. All of these things are vital components for the accountability of local government. Individuals will also have their own reasons to disengage from local affairs, including:

- **Time available** – Those people who work long hours or have limited time may spend little time thinking about the quality of service they receive or how to improve the local area. Conversely, those people with a lot of time on their hands are more likely to take an interest.
- **Direct self interest** – Some people will have a direct interest in, for example, a new development project, or road maintenance near a person's residence, while others do not.
- **Service quality** – If services are already of a decent quality, less people will be inclined to voice their opinion. Even if services don't quite meet people's expectations, the barriers to voicing an opinion may inhibit involvement.
- **Civic duty** – Some people feel more naturally disposed to being involved than others out of a sense of civic duty. This is a far less tangible, but nonetheless a real phenomenon.
- **Opportunity** – In some areas, the opportunities to be involved may not be of sufficient quality or quantity. For example, it might take too much time and thought, or people may not actually know about opportunities that exist, or even that the opportunities actually do not exist at all.

The strength of accountability depends on the number of people who hold the Council to account. It is likely that there will always be a small number of people who are disengaged and content with the services they receive, and that they are unlikely to change their behaviour. However, there is also likely to be a larger group of people who have different scales of issues and concerns with the services they receive from the Council but feel the barriers, such as those outlined above, are too great. The diagram below illustrates the aim of

<sup>16</sup> Localis (2009), *Tipping the Balance*: <http://www.localis.org.uk/article/390/Tipping-the-Balance.htm>.

addressing those who are not content with the status quo, but are also inhibited from voicing their opinion.



Achieving greater levels of citizen involvement will require a diverse range of approaches. The CLEAR approach identified by Lowndes and Pratchett may be a useful way to visualise the kind of processes required<sup>17</sup>:

<b>Can do</b>	The resources and knowledge to participate
<b>Like to</b>	A sense of attachment that reinforces participation
<b>Enabled to</b>	A set of supporting civic institutions that make participation possible
<b>Asked to</b>	Mobilized by direct invitation
<b>Responded to</b>	Provided with evidence that views make a difference

According to the CLEAR framework, people participate when they *can*: when they have the resources necessary to make their argument. People participate when they feel part of something: they *like* to participate because it is central to their sense of identity. They participate when they are *enabled* to do so by an infrastructure of civic networks and organisations. People participate when they are directly *asked* for their opinion. Finally, people participate when they experience the system they are seeking to influence as *responsive*.

In recent years there have been many initiatives within local government which have been aimed at involving those people who feel unable to influence decision making, and are disengaged from the whole political process. This has not missed the attention of the government either, who have undertaken a whole host of initiatives to improve what has been termed ‘the empowerment agenda’.

<sup>17</sup> Lowndes, V. and Pratchett, L. (2009), *CLEAR: Understanding Citizen Participation in local government and how to make it work better*.

## The empowerment, engagement and involvement agenda

Under the leadership of Hazel Blears as former Secretary of State for Communities and Local Government, the government have pursued an agenda of 'citizen empowerment' which has been primarily about tackling the lack of citizen involvement in local affairs. The government's 2009 definition<sup>18</sup> of empowerment involves 'passing more and more political power to more and more people, using every practical means available'. The practical manifestations of this view of empowerment include asset transfer; citizen governance; electronic participation; participatory budgeting; petitions, and; redress.

These underlying principles have laid the foundations for a number of initiatives, such as the government funded 'Network of Empowering Authorities' and 'timely information to citizens' initiatives. These are designed to support and showcase good examples of involving and informing local residents.

### Examples of the government's 'Network of Empowering Authorities' (NEA) initiatives

1. Delegated budget to Councillors for delivering more local services
2. Ward committee to spend budget on local initiatives or spend on neighbourhood forums
3. Neighbourhood action groups led by voluntary sector that develop action plans and prompt community action
4. Community initiatives commissioned through the third sector
5. Neighbourhood forums that make decisions on grants
6. Monthly newspaper
7. Face to face on street consultations
8. Third sector involvement in helping to develop skills and jobs in disadvantaged areas
9. Supporting people to volunteer

### Case Study: Examples from the 'timely information to citizens' initiative

The DCLG 'timely information' initiative has provided extensive funding for a number of pilots for local government to trial a number of ways of engaging residents with the use of more information. These include:

1. **London Borough of Barnet** - will create an online consultation tool showing information on planning applications in a more useful format. It will allow users to track applications, comment on decisions and communicate with other users
2. **Leeds City Council** - will create an interactive information site for older and disabled users of adult social care that will enable users to find out about different options for services near where they live and see the reviews of services by other older and disabled people in their area

<sup>18</sup> DCLG (June 2009) 'Empowering communities to influence local decision making: Evidence-based lessons for policy makers and practitioners'.

3. **Liverpool City Council** - will develop the 'My Neighbourhood' portal that will allow people to request services, report problems in their neighbourhood and track how they are being dealt with
4. **Wigan Council** - will provide an interactive database to help people find opportunities for local volunteering and participation

A successful approach to public accountability needs to consider a variety of ways in which different sorts of people with different interests can get involved in ways and at times that suit them. One initiative which has the potential to begin to address some of the fundamental governance issues outlined at the beginning of this chapter is the Sustainable Communities Act, which was set up in 2007.

### Sustainable Communities Act 2007

The Sustainable Communities Act was set up as an opportunity for Councils and communities to put forward new thinking on how to meet the challenges of sustainability and local wellbeing, including participation in civic and political activity. It presumes that local people know best about what needs to be done to promote the sustainability of their area, but that sometimes they need central government to act to enable them to do so. Councils were required to set up citizens panels or use similar existing bodies to reach agreement between the Council and local people on the requests. The Act recommended that the Secretary of State should publish local spending reports, statements showing the scope of public spending by all bodies exercising public functions in the area, and that the action plan be published setting out decisions on proposals, reporting annually to parliament on progress made as a result of this Act.

The number of submissions made has been limited to 300 which came from 100 Councils. 60% of the submissions have been shortlisted for consideration by central government. Ideas of submissions made so far relating to local government accountability include:

- Hampshire County Council - A proposal to devolve responsibility for the regional strategy preparation from regional to county level, enabling closer links between planning and delivery of services such as transport, education and health, and enhancing democratic accountability.
- Birmingham City Council – A proposal that greater consideration is given to the impact of a closure of local public services on the service users before a decision is made. The decisions should be made in negotiations involving all local stakeholders, and that stakeholders represent the diversity of the area and all sections of the community in question.
- Essex County Council – A proposal that the Council should be empowered to define and enforce a set of local performance standards for government agencies and non-departmental public bodies that operate within Essex. Performance measures would be negotiated to reflect local circumstances,



aspirations and the resources available. This will help ensure that Essex communities receive the highest standards of service and good value for money regardless of which organisation has responsibility for delivery.

- South Hams District Council - A proposal that government and local authority housing and planning requirements be amended to allow private individuals and non-profit groups to build affordable homes for their own use.
- Liverpool City Council - A proposal that post-offices cannot be closed until the local co-operative development office has been given the time and training budget to see if an increase in capacity could result in local people taking over the management of the premises.
- Bath and North East Somerset Council – A proposal that involves its young people in public life by lowering the voting age to 16. The Council believes it will increase the legitimacy of public institutions while enabling young people to become active citizens in act as well as education during their formative years.

An amendment Bill to the original Act will create an ongoing process for communities and Councils to submit proposals and also formally include Parish and Town Councils in the Act's process will be introduced into parliament. The new Bill will also allow citizens (if 5% of electors petition) to hold a referendum on their Councils participation in the Act.

The SCA seems to be a good model to push forward reform from the bottom up, with the potential for more meaningful power being passed down to the local level. But how the initiatives are taken forward is a matter for concern, especially due to their dependence on central government. However, all mainstream political parties seem committed to the concept and principles behind the SCA, but there is concern that the ideas will be taken forward in the same way that local government reform has taken place since 1997.

Much thinking in the government since 1997 has concentrated on the idea of 'earned' powers and control, where Councils have to demonstrate to central government that they have the necessary capability, usually based on central government's or the Audit Commission's own criteria for assessment. This has been demonstrated by the concept of city regions, where individual areas bid for powers which neighbouring cities do not have. Localis has consistently argued that local Councils should be granted 'presumed autonomy' rather than 'earned autonomy'<sup>19</sup>.

Generally speaking, central government has tried to push local authorities to 'engage' local residents, without really understanding how and for what reason. There has been a belief in recent years that engagement, empowerment and involvement are an important end in their own right. Many local authorities have been understandably sceptical about this whole agenda, and are unsure why these things will improve services or lead to better outcomes. Assessing any initiative against the core aims of this whole agenda must be a priority, including creating better services, a stronger democracy, more informed citizens and a move towards a new kind of state (see next section). Initiatives should then be assessed on whether they involve the group of people identified in figure 3.

<sup>19</sup> Morris, J. (Ed) (2009), *Can Localism Deliver: Lessons from Manchester*. London: Localis.

## 2. Creating stronger local accountability to improve performance

For many people, *not* engaging with local government and local public services is perfectly rational. If citizen led participation implies a willingness on the part of citizens to take an interest in their local area without coercion by central or local government, then the challenge is to create an environment for involvement without the need for the state. This is the most significant manifestation of an empowered society – one where no state is required to stimulate involvement or engagement. Recent thinking has begun to envision a completely new kind of state focussed around a dramatic increase in community ownership based upon mutual societies, co-operatives and social enterprises<sup>20</sup>.

### Recommendation

- Councils should ensure that all initiatives to involve residents are directly aimed at the core outcomes of the Council and are not pursued as an end in their own right. They should also aim to prioritise the involvement of the group of people who are both disengaged and discontented with the status quo.

### Citizen-led participation and a new kind of State

In a speech in November 2009, David Cameron expanded on the idea that a smaller state is directly related to a bigger society. He said:

*“The size, scope and role of government in Britain has reached a point where it is now inhibiting, not advancing the progressive aims of reducing poverty, fighting inequality, and increasing general well-being... But I also want to argue that just because big government has helped atomise our society, it doesn’t follow that smaller government would automatically bring us together again”<sup>21</sup>*

Empowering and enabling individuals, families and communities is at the heart of this vision, and the state should continue to create opportunities for people to take control of their lives – actively helping them to make the ‘big society’ that Cameron describes. He describes a system where power is passed down from central government to the lowest practicable level, and given to local government only when community groups or neighbourhoods cannot take control themselves. In short, it implies focusing the state on creating a situation whereby the state is no longer needed. These sentiments have been echoed too across the other mainstream political parties from the likes of John Denham from Labour and Vince Cable from the Liberal Democrats. Such a vision for the future role of the state and citizen led participation naturally leads one to begin to question the relationship between representative and more participative forms of democracy, as well as the relationship between the state and citizens.

It is useful to explore examples of where such questions have been posed before to understand the causes and motives behind such a change. Most examples internationally have occurred out of adversity. Examples include the post 2001 financial collapse of Argentina, and the development of affordable housing in Banana Kelly, New York. These, in a sense represent a very different kind of vision, one where the state involvement is minimal or negated.

<sup>20</sup> Shakespeare, T. (2009), *More for Your Money*. London: Localis.

<sup>21</sup> Cameron, D. (2009) Speech made at the annual Hugo Young lecture in London, retrieved on January 2010 from: [http://www.conservatives.com/News/Speeches/2009/11/David\\_Cameron\\_The\\_Big\\_Society.aspx](http://www.conservatives.com/News/Speeches/2009/11/David_Cameron_The_Big_Society.aspx).

### Citizen-led participation: Argentina's Neighbourhood Assemblies

During the 2001 Economic crisis there was a massive draining of bank deposits and people were prevented from touching their savings. This led to the multiplication of Neighbourhood Assemblies which organized community purchases of food at reduced prices, as well as volunteer brigades of skilled workers who reconnected homes to the public service grids when their electricity, household gas, water supplies were cut off for failure to pay their bills. The assemblies' project ranged from a community vegetable garden (at a time when hunger was an increasing problem) to a neighbourhood bank in which people could put their savings in order to keep them out of the financial system, where strict limits on cash withdrawals were imposed by the government to prevent a run on banks.

**Lessons**—These assemblies show that citizen-led initiatives without government intervention can work. These sporadic assemblies fulfilled the needs of the people that formed them at a time when their government could not provide important services and fulfil its constitutional obligation of guaranteeing its citizens safety and wellbeing.

In the UK, there have been a number of small scale initiatives which could underpin a model for stronger levels of direct public participation through mutual ownership and involvement in community projects in the future. Such examples include Coin Street Community Builders, and Westmill community co-operative.

### Case Study: Coin Street Community Builders (CSCB)

In 1984, local residents gathered to create a not-for profit development trust following a campaign from a largely working-class neighbourhood against a large scale office development. The land previously owned by the Greater London Council, was sold for £1 million to the trust formed by local residents of the Coin Street area. The company is controlled by a Board elected by its members, who must be local residents. The CSCB believe in holding the properties in perpetuity and use the lettings (profits) to achieve community and social objectives. They seek to “represent the social and community values of those involved in the campaign”.

**Achievements**—The co-operative has transformed 13 acres of formerly derelict land into a mixed community of affordable housing, shops and galleries. They have successfully attracted businesses and quality restaurants to make the project viable. This has led to one of its most important developments, the Oxo Tower, to become a known London landmark. The Coin Street initiative has also expanded to include the Coin Street Housing Co-operative (CSS), four charities, four co-operatives and the South Bank Management Service Ltd (which manages the buildings, parks and riverfront), employing approximately 35 full-time staff.

The CSCB has set up independent mechanisms such as forums for local residents and employers to help build a shared community vision and to provide a means of implementing it.

### Case Study: Westmill Co-operative (Oxfordshire), a community owned wind farm

Established in 2004, it currently has 2,374 members. It is the first wind farm in the south of England allowing local people (as a matter of priority) and others, an opportunity to invest in the production of renewable energy. The co-operative has financed the purchase and construction of five wind turbines through a 4.6m fundraising campaign that saw the public able to buy shares in the project and was supplemented by a bank loan. Its success has been described as having demonstrated that ordinary people can co-operate to achieve mutual ends.

#### Benefits:

- Members receive annual interest on their investment
- Minimum investment is set at £250 to ensure the broadest possible membership
- Tax payers will be able to claim back 20% tax on their initial investment
- One member one vote ensures each voice is heard and the board is formed from the members
- Direct involvement increases awareness of environmental issues at the grass roots level and provides an opportunity to do something positive about climate change
- There will be funds for an energy conservation trust to promote energy conservation in the local community

The social and political benefits of direct citizen ownership are clear to see, and we would actively encourage the state to explore opportunities to extend such opportunities to other residents in their communities. The benefits of such co-operatives actually extend beyond the social and political benefits. Recent evidence highlights the fact that co-operatives and mutuals are 10% more productive than the top FTSE companies, which is not insignificant, especially in the current fiscal climate.

We believe that the route to achieving greater levels of citizen led participation and ownership is to reduce the barriers to participation. This means working within the current system in order to try and boost interest and demand. This requires a radical departure from the way the government has pursued the 'empowerment' agenda. By being explicit about what kind of society we are trying to achieve, we can be clear about the processes for how we can achieve it. We must therefore not replicate the kind of initiatives we have seen in recent years, such as financial incentives for voting or rewards for attending public meetings. This is false participation. Instead we must focus on providing the necessary tools to local people to allow them to take control of their own lives, without over-dependence on the state.

We firmly believe that access to more information, combined with an intelligent strategy to provide more power and influence directly to residents, is the best way to reduce barriers to citizen led participation. This must also be concurrent with a responsibility on central government to devolve more real power to the local level so as not to undermine the accountability of local government. Technology and the use of different techniques to engage people with the information will be vital, as will the relationships between Councils, residents and third parties to use and display the information in a way which breaks down the barriers to involvement.

Access to information will also need to be accompanied by the tools to tackle the barriers to being more involved. When only 38% of people feel well informed about local public services<sup>22</sup>, approximately 30% of people perceive that they are able to influence local decision making, and approximately 40% are satisfied with their Council, there is potentially a role for the state to foster interest and involvement in political activity. The strategy of local government to involve residents should therefore reflect this and the idiosyncratic reasons why more people are not involved at the local level.

### Recommendation

- Councils should actively look to provide opportunities for local residents to take direct control of aspects of their local area, including supporting asset transfers and community co-operatives.

### Transparency and Information

Transparency and access to information is the most important first step towards creating more involved citizens because it is the most significant barrier between the state and the citizen. It is also the most important barrier to overcome in order to encourage people to take action to improve their own situations. In a Localis paper in 2008<sup>23</sup>, we argued that there are numerous historical examples of where public access to information has led to significant political and intellectual reform. For example, the invention of the Gutenberg Press in the 15<sup>th</sup> Century gave people unprecedented access to printed works and became a major factor in fuelling the Renaissance, the Reformation, a scientific revolution, and helped give rise to mass literacy.

Similarly in this paper, we argue that by providing information to residents, there is an equal potential to create a revolution in the relationship between the state and citizen. Despite the potential, access to information alone is unlikely to initiate a revolution precisely because of the reasons outlined at the beginning of this chapter. However, it does provide a platform to allow existing tensions between the state and citizens to take their natural course, either reinforcing the legitimacy of representative democracy or fuelling more direct citizen participation. We have been clear that we believe that it is the role of the state to support citizens to capitalise on this power, and have already suggested that Councils should look to do all they can to achieve this. However, we would not want to prescribe the solution.

What is clear is that the relationship with public information in the UK is not up to scratch. We have consistently argued that the presumption of ownership of information should be reversed, and that the Freedom of Information Act does not go far enough. Internationally, access to public information is now widely

<sup>22</sup> Place survey (2008/9), Ipsos Mori.

<sup>23</sup> Shakespeare, T. (October 2008), *Information, Information, Information*. London: Localis.

considered to be a human right, and in an age with access to the internet, in many countries the presumption of information ownership is not with the state at all. Sweden, South Africa, Belize, Canada and Scotland all have a much more mature relationship with data than England does, for example.

In short, public access to information is the most important first step to reducing the distance between the state and citizens. Opening up access to information and reducing the barriers to involvement are vital, and the role of the state in supporting residents will be of equal importance going forward. By being explicit about what it is local government is trying to achieve by involving residents, the existing mass of confused initiatives to build capacity and involve residents should emerge with more clarity and force than at present.

Providing information on what matters to local people is the best starting point to involve more people in holding the Council to account. There is a great deal of anecdotal evidence about the kind of information that people would like to be more informed about. These things include waste, planning, road works, expenditure and crime. Pilot and existing initiatives to inform residents about these areas may offer some interesting new perspectives going forward. The experimentation of different schemes and ways of engaging people must be celebrated as an important way to ensure that best practice emerges. Indeed, translating the good ideas from one area to another will be the most important way for the best ideas to evolve, build capacity, inform and devolve power to develop. This will require local government to take on and push the best ideas forward to achieve increased accountability.

The following sections outline some practical recommendations and case studies and interesting emerging thinking about the most important ideas to increase local accountability. In each section we outline what information is important, and how local residents could begin to engage with that information to hold the Council to account. Throughout the recommendations, we emphasise the important role of third parties in translating raw information into something which is interesting to residents. They are important drivers of this agenda, providing both legitimacy and innovation to what could potentially be an unappealing mass of data. We also suggest that a legitimate role for local government will be to support such third parties wherever possible.

### **1. Accountable public expenditure**

The accountability of public expenditure is a key plank in moving towards a more responsive and publicly aware system of local government accountability. The visibility of the use of public money is the primary manifestation of the decision making process and prioritisation of local Councils, and should therefore be a priority for public release. One initiative which has emerged in Florida has seen revenue and expenditure information released online, down to very local levels.

#### **Case Study: Florida's Checkbook<sup>24</sup>**

The Transparency Florida initiative is aimed at giving anyone with an Internet connection the ability to drill down into virtually every corner of state spending to see exactly how taxpayer money is being spent. This initiative is designed to turn 18 million Floridians into auditors to make sure that every dollar is spent as frugally as possible. The aim is to gradually increase the quantity of information, but it could take up to two years to post all spending information

<sup>24</sup> Florida Department of Financial Services, available at: [www.myfloridafco.com/transparency](http://www.myfloridafco.com/transparency). Accessed in December 2009.

- including the actual checks cut for individual contracts and mobile phone bills.

This defends the fact that taxpayers would be able to see if individual agencies are hoarding money or spending it unwisely or at the last minute in order to keep their budgets fat. The boldness and scope of the announcement dovetails with the call to run the “most open administration ever”.

On the website it is possible to search all Counties within the State across a number of years and then select revenue and expenditure across a number of different categories. The website is broken down into five key areas:

- Search Vendor Payments - Find out which vendors are getting their money and who’s paying.
- Local Government Dollars and Cents - See what Florida’s cities and counties are collecting and spending.
- State reports - View reports on the state’s economy
- Contract search - Search all contracts for the Department of Financial Services
- Florida Financials - Track their Taxpayer Dollars. Learn how much is coming in, going out, and what’s in the bank.

### Case Study: New Zealand ‘Plain English Financial disclosures’

In a survey made by the Open Budget Initiative (OBI, 2008), it was concluded that New Zealand was one of only six nations that provided documentation sufficient to hold the government accountable. In October 2009, the Government agreed to a package of reforms to improve the transparency, accountability and financial management of local government. These decisions will lead to changes to the Local Government Act 2002. The argument is that for ratepayers to be properly informed, they need to be able to see the application of funds for all activities and groups of activities.

For these figures to mean something when ratepayers are working out if their Council is doing a good job, the figures and the way activities are named need to be consistent from one Council to another. Similar comparable standard performance measures are needed for non-financial reporting. And for ratepayers, to know the full story about their Council’s financial health, they need to be able to see how assets are managed and be able to compare this with other Councils.

**How it will work:** Councils will be required to include in their plans and reports funding impact statements showing the sources and applications of funds for the whole Council and for each group activity. Inter-Council comparisons will be enhanced by:

- Consistently classifying financial information in Councils’ primary financial statements
- Using standard groups of activities for infrastructure services
- Increased disclosure of asset management information

By releasing financial information into the public domain, Councils are arguably uncovering the most important component of the lack of transparency. At first there are likely to be a number of issues regarding data quality and depth. Translating technical data into something which means something to local residents is also likely to be a significant challenge, and both innovative technologies and better financial accounting methods will begin to address some of these issues.

### Recommendations

- Councils should be required to release a breakdown of expenditure information and suppliers above £500 online
- Councils should look to add as much context to the financial information as they can, such as taxonomy and location where appropriate. They should use frequency of FoI requests to create and prioritise the taxonomy
- Councils should also begin to provide a more detailed breakdown of where resident's Council tax is spent on Council tax bills based on local public interest.

## **2. Stronger accountability of political representatives**

The visibility of political leadership and their decisions is also a key component of political accountability. This lies at the heart of enhancing representative democracy, by ensuring that local Councillors represent the wishes and demands placed on them by local residents. Increased visibility, representing the concerns of local people and being seen to make a difference are the most important factors which form the basis for increasing the accountability of Councillors. This is something that Councillors themselves must address. However, Councils can support Councillors through initiatives such as devolved ward budgets, or through increased powers to committees, which many Councillors sit on.

### Case Study: Giving Councillors allocated budgets to care for their wards

Many Councils across the UK have invested in the idea of directly allocating a set proportion of the Council's budget to ward Councillors which can be spent at the discretion of the ward Councillor on anything that will benefit the local community.

Westminster's Neighbourhood Budget Programme<sup>25</sup> has provided each of the Council's 20 wards with a share of £2 million to spend on discretionary projects. Each ward receives £100,000 per annum allowing local people to work with local Councillors to decide how to spend their share. The ward Councillors make spending decisions based on public consultation, the Council's annual survey of public opinion, local service performance data and also from their own local knowledge.

This initiative has proven to enhance local leadership, strengthen neighbourhood working and allows residents to participate in their ward. For example, the Bayswater ward has used part of its budget to improve its streetscape whilst the Lancaster Gate ward has used it to reduce anti social behaviour.

<sup>25</sup> Source: <http://www.localleadership.gov.uk/docs/NeighbourhoodPower.pdf>.



The main concern about increased levels of public visibility of elected officials is that it can encourage voting and decision making behaviour based on purely populist grounds. This populism can be fuelled by the national media and unwarranted concerns for, for example, things like 'postcode lotteries'. There are also concerns that increased attention on local Councillors would prevent people wanting to be Councillors, especially when the remuneration for their work is often perceived as insufficient for the work that they do. Public visibility at the local level could actually be seen as an opportunity to engage in a dialogue with local residents about some of these entrenched views, and begin to question the current way of doing things. Ultimately this may begin to allow local authorities to do things in different and more interesting ways.

There is a clear case to improve the level of accountability of local representatives over anything from remuneration claims to their voting and attendance record. Again, there are some questions about the level of data and bureaucracy, and there are also questions over the applicability of a standard template between areas. The most sensible starting point is for local authorities to begin to release all information relevant to the work of Councillors including attendance record, beliefs, vision, declared interests and committees. One such initiative currently operating for MPs is TheyWorkForYou.

### Case Study: They Work For You

This allows anybody to see the voting record, attendance and classification of views of all MPs. It feeds in data from existing sources and displays it in an engaging and interesting way.

**Evidence of success** – On the national level, TheyWorkForYou has had 3 million unique visitors since 1996. This represents 5% of the adult population. This site has increased the turnout of MPs to Parliament, forced them to change their votes based on the wishes of public perception and was the source of the MPs expenses before the Telegraph made it a big story in the press. It is an enormous boost to local accountability.

### Recommendations

- Councils should support their ward Councillors as much as possible to be seen to make a difference through initiatives such as personal Councillor budgets, or increased power of Council committees
- Councils should be obliged to release a standard set of information on their website including committees, attendance record, beliefs, declared interests and voting record where appropriate. These should be updated as frequently as possible.

### **3. A model for more accountable decision making**

Involving residents in the development of long term plans and visions can lead to greater levels of political accountability. There are many ways in which local authorities can get their residents more directly involved in the daily activities of

their Council. This may involve more traditional methods such as surveys and other more innovative methods such as deliberative mapping, participatory appraisals, role plays, stakeholder decision analysis, to mention just a few. According to Involve<sup>26</sup>, there are certain initiatives that have more participants than others. These include:

- **Citizen's Summits** – These are deliberative meetings involving large numbers of people (typically between 500 - 5000) and using communication technology to facilitate discussions. The technology, which includes electronic voting, text messages, and online surveys, makes it possible to engage large numbers of people in the same place, at the same time. Citizens' summits trace their background to 21st Century Town Meetings and the work of America Speaks in the USA.
- **Citizen's Juries** – Developed both in Germany and in the US in the seventies by Peter Dienel and Ned Crosby, it is the idea of applying the jury principle to local and national policy decisions. They are made up of people representing the "general public" meet together to explore a specific policy issue. Witnesses present information and jurors cross examine their statements. Jurors deliberate on the issues among themselves and then make public their conclusions.
- **Participatory Budgeting (PB)** – It allows the citizens of an area (neighbourhood, regeneration or local authority area) to participate in the allocation of part of the local Council's or other statutory agency's (health services, police) available financial resources. PB aims to increase transparency, accountability, understanding and social inclusion in local government affairs. PB applies to a varying amount of the local Council's budget and the actual process is developed to suit local circumstances. Participatory Budgeting has been proven to develop a better working relationship between local government and partner organizations which benefits the community in the future. Residents feel empowered by the opportunity to have their say and tailor funding to local priorities. The pilots increased community engagement in Manchester, as over 98% said they would attend a similar event in the future. PB has been used for policing issues in Greater Manchester and in Newcastle for children and young people.

Other examples might include the Redbridge conversation initiative which involved residents in determining the spending priorities of the Council.

### Case Study: Redbridge Conversation

This initiative is designed to involve and inform residents about the difficult financial decisions that local Councils will have to make. It will involve residents in the big financial decisions of the Council and make a large statement about the overall strategy of the Council and a willingness to involve residents in decision making. It will allow the Council to more closely align its future spending policy with the opinions of residents, and inform and engage them about any future spending cuts to public services. It should also tackle people's perceptions of how they can influence decision making.

**Evidence of success** – Between May and July 2008, over 5000 people responded to the online survey about what investments should be made locally, and how they should be funded, with 3200 online responses and 1900 paper

<sup>26</sup> Involve (2008), *Deliberate public engagement: Nine principles*. London: Involve.

surveys. 95% of these responses came from Redbridge. All survey respondents were thanked and told to keep an eye out for the results of the initiative. Following an analysis of the results by an independent body, the Council held a number of public meetings (which did not necessarily correspond to the people who completed the survey). A working group of members took the results of the survey and made some recommendations to the cabinet – all of which were accepted. This was communicated through the website, printed media and email.

### Recommendation

- Councils should look to communicate their core strategy more effectively through whatever means they see fit, and visibly respond to the feedback given to them by residents.

#### **4. A model for creating accountability in those things which matter to local people**

Arguably, it is the issues which matter most to local people which are likely to get more people interested in local affairs, and hence increase local accountability. Determining what matters most to local people is a challenge. One approach is to assess and categorise historical Freedom of Information requests to determine what information people want to know. However, this information may also represent the interests of other people apart from local residents, including journalists and businesses. Another approach would be to send out surveys, or to hold focus groups. However, there are some pieces of information which are of obvious interest to local people including planning applications, crime statistics and waste collection data. It is also important to recognise that some information will not necessarily be of apparent interest to residents until it is made available in a user friendly form, and Councils will have to examine other sources of information to determine what is in the interests of the public.

#### London Borough of Barnet – “Planning Consultation Tool”

Barnet is one of the boroughs with the largest number of planning applications in the UK. It must field daily a great deal of enquiries. This has led them to develop an online consultation tool showing planning information in a more meaningful way in the framework of the “Timely information to Citizens” a project which aims to establish a good practice for the effective provision by local authorities of timely information on local services and performance to their citizens. This tool will:

- map planning applications
- allow users to comment and track permissions
- allow users to look at quantitative data
- use simplified language that users will understand
- send out consultation reminders

The Planning Consultation tool will also prove to be useful for the borough as it will improve its direct communication with its residents and the potential of using rich media (i.e. photos) will allow Council workers to gain information about certain areas without needing to go into the field.

## Recommendations

- All Councils should carry out an analysis of what information people are interested in knowing. This could operate through FoI analysis as well as focus groups and other methods
- The Council should release the raw information which is of public interest as regularly as possible on their website or in any other appropriate form
- Local authorities should look to support third parties to display the raw information in an engaging and meaningful way to local residents

## Barriers to overcome

### *Personal barriers*

At the beginning of the chapter we outlined a number of reasons why people do not currently engage with information or the work of the Council. These included the use of valuable personal time; a lack of direct interest; existing good services, and; the lack opportunity to be involved.

We have now outlined a system which would create far more 'opportunities' to be involved. Some of the other barriers pose a slightly greater challenge, although are not necessarily insurmountable. For example, reducing the time to respond or comment on services could be reduced by the use of social networking sites such as Twitter. And taking a more active approach to providing information to residents about schemes which will affect them is more likely to have an impact than if those individuals had to find such information themselves.

This could apply to anything from new developments to planned road works to upcoming events. Increasing an individual's sense of civic duty is far less tangible, but is more closely related to the sense of ownership and mutualism described in the previous chapter.

How people access, analyse and interpret information from the vast volume potentially available is also a significant challenge. Throughout this paper we have outlined the case for local government to pass more responsibility to the local community. We firmly believe that releasing information and providing the basic tools is the first and most important step. In many cases we foresee that third parties will come in voluntarily and utilise and manipulate the information in new and interesting ways. Where no third party is forthcoming, Councils could begin to provide financial incentives to solve particular data issues that are present in local areas.

Many such third parties already exist, but a whole industry of third party organisations could grow and capitalise and utilise the information for the greater public good. In fact, we would encourage both central and local government to

look at ways of nurturing and fostering these third party organisations so as to provide as diverse an industry as possible.

One other large barrier is in involving the large group of people who are content to not have a say in local politics – those for whom time and resources are better spent on other aspects of their lives rather than local politics. These people could be described as ‘rationally disengaged’. For them, providing incentives or reducing the barriers to involvement may be the only way of reducing the barriers to engagement.

### Case Study: Votivation – Addressing the rational disengagement problem

Votivation is a website which allows citizens to interact with elected representatives and to influence their local leaders by giving their opinions, filling in on-line polls and giving feedback on ideas and viewpoints. There are also opinion content channels and alerts on topics that most interest its users. The website’s users are paid for voting on the website, although they must share these revenues with charities.

Local authorities also benefit from this as it provides a systematic way to aggregate opinions and turn them into a collective judgement. The information collected by the website can be easily integrated into the Council’s website and offers a sustainable and low risk engagement tool.

Many Councils already have initiatives to allow citizens to provide feedback through surveys, residents panels and other forms of engagement. The problem is that even if these initiatives go some way to increasing the number of people involved, there will always be a group of people who rationally disassociate themselves, and the reduction in barriers and increase in incentives will never be enough. This is a problem that we will have to live with, but there is still a great deal of room for improvement for those people for whom reducing the barriers to engagement will be enough.

### Technical barriers

**Data quality** - One major barrier to change is in the quality of data itself. Different authorities will have different methods of collecting data, different processes for releasing data, and different formats for the data. Some authorities will have better quality data than others, allowing third parties to use that data more effectively. The ultimate challenge is to get all authorities to release all data in the same format, but in order to achieve this, it requires full knowledge of what the data is being used for.

As a model for making sure the right information is available, local authorities should firstly make sure that all relevant existing information is in the public domain. When third parties or other authorities find that the data is of insufficient quality to utilise for their needs, they should exert pressure on that authority to collect and release that information too. Increased local accountability may also exert some extra pressure. In short we believe that we should be encouraging an emergent improvement and standardisation of data quality – not providing prescriptive solutions.

## 2. Creating stronger local accountability to improve performance

**Central interference** – Central interference and the lack of local power and control will always be perennial problems. The argument that you can't have increased accountability for things which are out of your control is a valid one, and we believe that central government should pass increased powers down to local authorities concurrently with the rate of increased accountability. When only 5% of funding is controlled locally, the arguments in favour of increased localisation are not difficult to make.

**Freedom of information** – There are some common challenges presented to those people who argue for a greater degree of Freedom of Information. Some of these challenges are unreasonable, and revolve around fears of increased accountability and transparency, as demonstrated by the MP's expenses scandal among others. However, there are a few arguments worthy of consideration. The first challenge is about ensuring that the cost of releasing information is not too high. It has been argued that the way that the public sector currently deals with Freedom of Information requests has actually cost considerably more than it needs to, primarily because of a high level of bureaucracy and lack of streamlining. The counter argument is that releasing information in the first place would remove this bureaucracy and therefore cost.

A more significant challenge is that people will not be particularly interested in the information once it is released, and will have little or no interest in responding to what it shows them. This problem will be even more acute if the quality of the data is not of a sufficient standard. Many of these problems can be alleviated by focussing on what has been called a 'demand led' public sector<sup>27</sup> – focussing on what the citizen requires and carrying out activities which are of direct interest to them, or which improve the services provided by the public sector.

### Recommendation

- Central government should cede more and more powers to local government in line or at a faster rate than with any increases of the accountability of local government, so as not to undermine the political legitimacy of local government

The next chapter begins to outline a potential way forward to allow for a more collaborative solution to the performance and assessment regime in which areas can be assessed on equal terms, and in which collaboration is a key component of performance.

<sup>27</sup> Seddon, J. (2008), *Systems Thinking in The Public Sector*. London: Triarchy Press.

# 3. Replacing central inspection with peer support and self evaluation

Along with increased levels of local accountability, there is a strong case to suggest that self evaluation and comparison of performance between Councils will drive up performance. The three elements that make up this chapter will focus on self evaluation, peer support and a removal of unnecessary central inspection.

## Self evaluation and peer support

Self evaluation is arguably the most important aspect of performance assessment, as it is only through self assessment that an organisation can define its status quo and look to build in a system design which can continue to improve performance. According to a recent LGA poll, 70% of local authorities already undertake a locality self assessment<sup>28</sup>. In a recent study carried out by the Audit Commission, the following statement was made:

*“The local government sector itself played the key role in raising performance, through both national support from an improvement programme and individual Councils’ own assessment, improvement planning and scrutiny<sup>29</sup>”*

The LGA recently produced a report outlining a potential model for local government self assessment. Their proposals included allowing local authorities to deal with their own performance issues and a series of other recommendations to deal with failure and sector led support to improve performance.

### Case Study: ‘Freedom to Lead: Trust to Deliver’ – LGA proposals

- Authorities continually monitor their own performance
- Most performance issues will be dealt with by local authorities themselves or with external support
- RIEPS monitor the improvement challenges of authorities within their region
- The IDeA works with RIEPS acting as a clearing house for sensitive issues

<sup>28</sup> Local Government Association (2009) p.4.

<sup>29</sup> Audit Commission (2009), *Final Score*. London: Audit Commission.

- Where performance difficulties are identified, the RIEP facilitates discussions with the authority and stakeholders to agree on a way forward
- The IDeA facilitates peer support if needed
- Where difficulties have an intractable political dimension, the LGA may broker discussions with appropriate politicians
- Higher performing authorities make officers available to help authorities in difficulty
- Where there is likely to be an intervention, appropriate meetings are first held to see if an alternative sector led approach can be found

In moving towards a situation whereby the local government community can act as its own support vehicle, we must ensure that they have sufficient capacity and infrastructure. We would encourage the implementation of the LGA's proposals, and would encourage local government to make practical steps to recognise their own performance and look elsewhere for support. There are numerous sources of 'best practice' which may go some way to helping local authorities to improve their performance, but we find that it is equally important that such case studies and repositories of best practice are targeted at both good ideas, and the implementation of those ideas. The IDeA is likely to play an important role in facilitating this kind of approach through their initiatives such as Communities of Best Practice and other forums<sup>30</sup>. The biggest challenges that local government will face under this new support mechanism are the same challenges they face now - the challenge of knowing what it is the Council is trying to achieve, and knowing how to implement it.

The key addition to the LGA's recommendations is that local authorities themselves should be able to determine their own measures to drive up performance. It may be that those measures are chosen from a reformed national indicator set, or it may be that the local authority may need to turn elsewhere to find the appropriate measure. The aim with these measures is not necessarily to allow comparisons between areas on the Council's performance, but to allow the Councils themselves to set the measuring criteria which will allow them to monitor changes in the performance of the whole organisation.

### Recommendation

- Existing organisations representing the interests of local government should look at new ways of providing support to local government, especially in the translation of best practice into the vision of different Councils and in the practical implementation.

### Options for self-defined measures of performance

Throughout this document we have made the case for a performance and assessment system which does not dictate measures to local government, and that also allows comparison of performance between areas to provide accountability and motivation to improve. The desire to improve is most strong when performance is set against a backdrop of public accountability, where visibility of performance is put in context and there is a support framework in place should things go wrong.

<sup>30</sup> Source: <http://www.idea.gov.uk/idk/forum/networking-gateway.do>.



There are a number of options open to Councils in terms of what measures they can use to assess their performance. Such potential measures could include indices of 'wellbeing', 'happiness', economic growth, or a combination of measures which have been used and developed across the world. Addressing the large amounts of data present in the National Indicator Set is also a top priority.

*Measures of economic growth* – Since the Second World War, economic growth statistics based on the Gross Domestic Product (GDP) have been widely used as a proxy for societal wellbeing and prosperity. However, the utility of GDP as a measure of social improvement has frequently been called into question. Simon Kuznets, its principal architect, warned that:

*“The welfare of a nation can scarcely be inferred from a measurement of national income... Goals for ‘more’ growth should specify of what and for what<sup>31</sup>”*

Although GDP may be a useful measure of national economic growth, at the local level economic measures need to be more nuanced so as to factor into the equation such things as the value of voluntary work, the costs of crime, pollution and natural resources. Those things which degrade the overall quality of life should not be counted as a contributor to the economy, and neither should short term gains negate the importance of the impact of the respective long term loss. We therefore need to find a measure which accounts for the more valuable parts of different local economies. Such measures should value some of the more idiosyncratic and socially and environmentally based priorities and needs.

**Measures of happiness and wellbeing** – Happiness and wellbeing is a rather less easily tangible measure of performance. Nevertheless, there have been numerous attempts to create indices which measure the 'wellbeing' or 'happiness' of different places. Other measures include the 'Happy Planet Index' which was put forward by the New Economics Foundation in 2006<sup>32</sup>. This uses subjective life satisfaction data, life expectancy and ecological footprint. However, concerns have been raised about the relativistic nature of 'happiness' because, akin to the philosophy of utilitarianism, happiness is not an easy concept to define, nor necessarily the overarching goal for policy.

**Beyond measures of economic growth** – The challenge is therefore to both account for some of the more local components around social and environmental value, while also negating the relativistic strands of utilitarianism. Numerous attempts have been made to account for more advanced versions of GDP, including the Gini coefficient, which measures the relative difference between the rich and poor within a country, or the Human Development Index (HDI), which factors such things as education and life expectancy into GDP figures.

The Genuine Progress Index, in contrast to GDP, is one such attempt to measure economic development that counts beneficial activities as positive contributors to the economy, and damaging activities as negative. It is potentially as much a measure about sustainability as it is about economic development because it attempts to measure the economic value of environmental and social capital with a view to long term local sustainability.

31 Kuznets, S. (1934), Report to the US Congress.

32 New Economics Foundation (2006), *The Happy Planet Index. An index of human well-being and environmental impact*. London: New Economics Foundation.

### Case Study: Genuine Progress Index (GPI) in Nova Scotia, Canada<sup>33</sup>

An organisation called GPI Atlantic have carried out several analyses of local communities in Canada with the aim of trying to put an economic value on things such as the natural environment, voluntary work, maternity leave in order to bring the value of such things to the attention of local politicians, allowing them to make better informed decisions.

Their work in Nova Scotia focussed on developing a number of key indicators tailored to the priorities of the local area. These indicators were then accompanied by a cost figure. Headline findings include:

**Economic value of civic and voluntary work** – Volunteers contributed the equivalent of \$1.8 billion (\$2007) worth of services in 2005. The decline in volunteerism in Nova Scotia between 1998 and 2005 cost the province \$370 million in lost voluntary services in 2005.

**Economic cost of obesity** – Obesity costs Nova Scotia an estimated \$148 million (\$2007) a year in direct health care costs—or roughly 5% of the total health budget—and an additional \$173 million (\$2007) a year in indirect productivity losses, or more than \$320 million in total costs.

**Economic costs of environmental damage done due to energy generation** – Damage costs attributable to air pollutant and GHG emissions from Nova Scotia's stationary energy sources (power plants and refineries) in 2005 are estimated at more than \$380 million, or \$400 per Nova Scotian.

Although they have not to date come up with a bottom line figure, they have found that the process of valuation of local assets is in itself a valuable tool for policy makers.

**Multiple targets and indicators** – One of the largest manifestations of distortion is the national indicator set, and a range of other targets which central government expects local authorities to adhere to. Even though the number of national indicators has been dramatically reduced from up to 1200 to just less than 200 in recent years, the number of targets have not been significantly reduced. Nevertheless, doing less of the wrong thing is not the same as doing the right thing. While there will always be some commonality in the use of measures to drive up performance across local government, there is nothing really to question the utility of these measures as drivers of performance rather than as arbitrary targets. By looking at the national indicators used to assess performance of the Council in the local area agreement, it is clear to see that there are at least 25 indicators with little or no real value, as no Council has selected them (see appendix). These should be scrapped immediately, leaving the remaining 164 which should be required to undergo a utility test in all Councils:

33 GPI Atlantic: <http://www.gpiatlantic.org/>.

*Table 1 – Performance measure utility test*

Question	Yes/No
Am I required to collect this data to assess minimum standards?	Yes
Is this information in the interests of local people?	Yes
Is this information measuring what we would like to measure?	Yes
Is this the best measure for the Council to improve performance?	Yes

If the answer to any of these questions is yes, then there is a case to be made that it should remain as an indicator. If the answer to all of the questions is no, it should be deleted immediately. This system should also be applied to remaining targets. In figure 4 below, we have illustrated a process by which indicators and targets will be measured in terms of utility, in a renamed 'Local Indicator set', to reflect the bottom up nature in which Councils will select their own measures to assess performance.

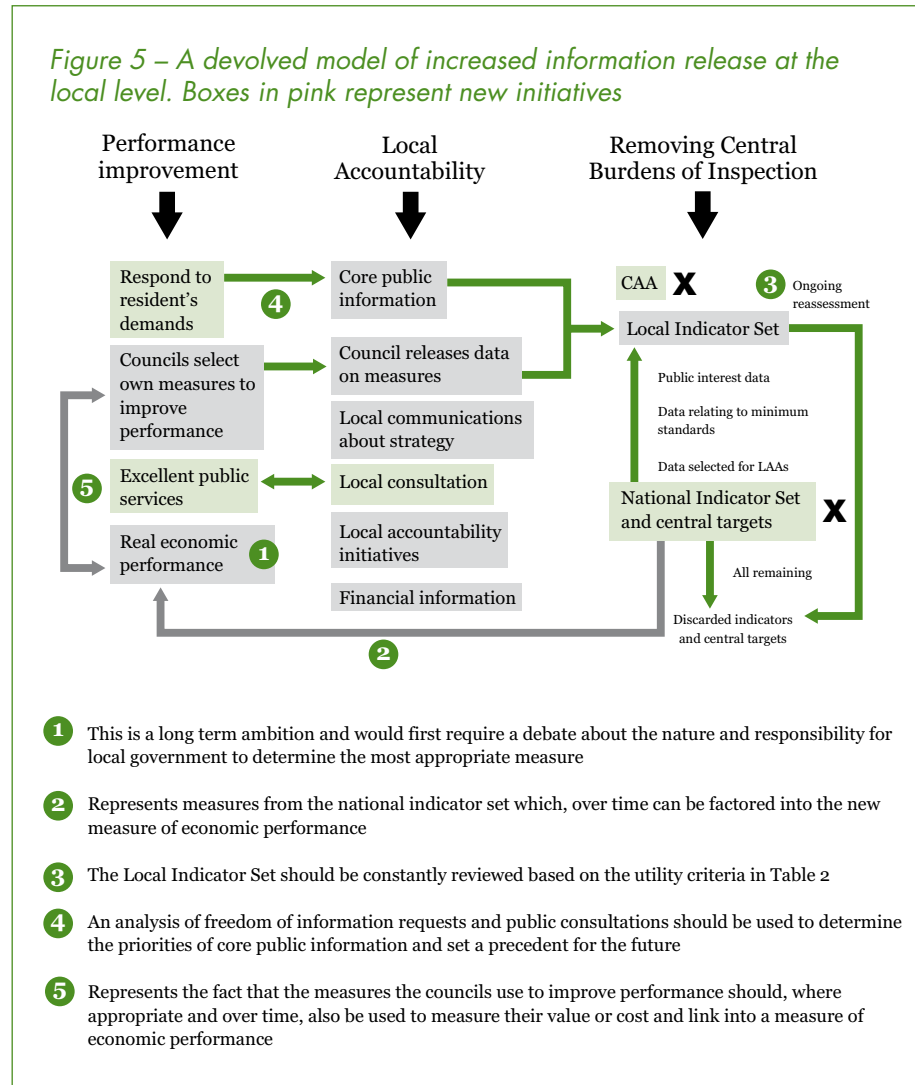
These local indicators should undergo a constant reassessment as local government finds its own measures of performance which drive improvements. Given the increased utility of these measures and constant refinement as measures of performance, they will increasingly become 'off the shelf' measures which Councils can adopt to measure their performance. Over time, experimentation and positive results should lead to common measures being adopted across local government. As people begin to find out the details behind how their Council is doing specifically in one area as compared to another, a central repository of these locally determined indicators would add value and accountability to local government.

The challenge is to ensure that measures of performance are used to understand and improve services and performance. As we have already outlined, indicators can be used to reflect a particular public interest in order to enhance local political accountability and aid motivation – but only when those measures actually aid the improvement of that particular service. The measure should not necessarily become a target and should not be dictated by central government.

### Recommendations

- Delete the 25 indicators which have not been selected in any local area agreement
- Councils choose and create their own measures/indicators to drive up performance
- Implement a system to constantly review and check the indicators and targets based on commonality and utility by the local government community
- Release all measures in a central repository in a form which is engaging to residents

This model for how information should be utilised, and the future of the National Indicator Set can be illustrated by the diagram below:



### Removing central inspection

As the local government community increasingly finds its own ways to drive through its own measures to improve performance, existing central inspection regimes will become redundant. In Chapter 1 we outlined some of the reasons why the comprehensive area assessment was not living up to expectations. In Chapter 2 and this chapter we have outlined other mechanisms to drive up performance and rebalance the accountability relationship between local government and its electors. In short, we have made the case for both the abolition of the CAA and its successor.

**Require Councils to make their own assessment of performance** – For those authorities who see value in the inspection regime as it is currently constituted, there should be no reason why if they believe it adds value, they cannot continue to use the CAA as a means of improving performance. However, the costs for the inspection should rest with the local authority.

### Recommendation

- Councils may opt out of the Comprehensive Area Assessment, on the precondition that they first have in place a system for assessing their own performance. The methodology should be flexible to suit the requirements and vision of each Council, and indicators can be chosen from any source

**The case for auditing accounts alone** – Given the high pressure on public services to deliver good value for money, and to ensure that the accounting system meets the high standards the public demand, there will always be a requirement to have an external audit of finances.

### Recommendation

- Councils will continue to be required to carry out an audit of financial accounts by an external auditor on an annual basis

**Risk/failure based assessment** – Similarly, where there are clear breaches of public expectations or catastrophic failures of performance, there needs to be in place a system to ensure and support local authorities in order to help them address any serious failures. This will be especially acute given both central government and the public's concerns over the postcode lotteries. However, any system put in place should not be heavy handed. More often than not, the LGA's recommendations for peer support laid out in Chapter 3 will be enough. But where this is not enough, a clear code of practice needs to be put in place to ensure that central intervention does not lead to central intrusion and standardisation. One way to do this would be to have independent auditors assess the situation at the discretion of the local government community.

### Recommendation

- Where there is a clear breach or catastrophic failure to meet public expectations, then the local government community can instruct independent auditors to assess the failures and make recommendations to improve performance

# Conclusion

In this report we have discussed the future of performance assessment in local government. At the core of the report we have made the case that the accountability of local government should rest with local residents. We have also argued that by reducing the burden of inspection it is possible to increase the performance of local government, reduce costs and bureaucracy and begin to set out a framework for a new wave of citizen-led participation and involvement. We have also made a number of recommendations around removing the Comprehensive Area Assessment, creating a duty on Councils to release more information, cleaning the national indicator set, and we have also set out some ideas for the potential future for peer support and comparisons of local Councils. The report has been based on a number of core principles:

**The accountability of local government should rest with local residents** – In the report we argue that the accountability of local government to central government has undermined the relationship between local government and residents. We find that increasing local accountability has a whole range of potential benefits including greater levels of citizen-led participation, citizen focussed public services and greater levels of innovation and experimentation.

**Measuring performance can increase performance, but only when the right measures are used** – In the report we made the case that measures do increase performance. However, we also made the case that when measures and targets are not exactly the right ones, they can distort the behaviour of local government to produce worse outcomes.

**Measures of performance should be selected and used by those people who are accountable for them** – We also made the case that by allowing local authorities to select their own measures, this can allow them to produce better overall results.

**Burdensome inspection regimes distort behaviour and create an unnecessary and costly bureaucracy** – We found that there is a significant sum of money dedicated to complying with inspection regimes, but that these costs pale into insignificance when compared to the costs of bad system design which performance targets produce.

**Initiatives to involve residents should be clear about to what it is they are designed to achieve** – We found that there have been a number of government initiatives which have lacked direction and vision and have pushed the idea of empowerment without knowing why. We discussed the logical end point of such initiatives as leading to a reduction in the need for the state by encouraging the idea of citizen-led participation, rather than state-led consultation.

**Peer support and comparison of local government is a powerful driver for improvement** – We found that comparing the performance of local government is a powerful driver for local authorities to improve. We discussed the challenges in finding measures of performance which reflect the role of local government, but outlined a direction for performance comparisons based on the concept of sustainable economic development.

# Appendix

*Appendix 1: Table of deleted indicators*

NI number	Description	Number of times selected	Rank	
12	Deleted (Refused and deferred Houses in Multiple Occupation (HMO) license applications leading to immigration enforcement activity)	0	165	=
14	Avoidable contact: The proportion of customer contact that is of low or no value to the customer	0	165	=
24	Deleted (Satisfaction with the way the police and local Council dealt with antisocial behaviour)	0	165	=
25	Deleted (Satisfaction of different groups with the way the police and local Council dealt with anti-social behaviour)	0	165	=
31	Deleted (Re-offending rate of registered sex offenders)	0	165	=
34	Domestic violence - murder	0	165	=
37	Awareness of civil protection arrangements in the local area	0	165	=
43	Young people within the Youth Justice System receiving a conviction in court who are sentenced to custody	0	165	=
46	Young offenders access to suitable accommodation	0	165	=
74	Deleted (Achievement at level 5 or above in both English and Maths at Key Stage 3)	0	165	=
77	Deleted (Reduction in number of schools where fewer than 50% of pupils achieve level 5 or above in both English and Maths at KS3)	0	165	=
83	Deleted (Achievement at level 5 or above in Science at Key Stage 3)	0	165	=
84	Achievement of 2 or more A*-C grades in Science GCSEs or equivalent	0	165	=
85	Post-16 participation in physical sciences (A Level Physics, Chemistry and Maths)	0	165	=
86	Secondary schools judged as having good or outstanding standards of behaviour	0	165	=



95	Deleted (Progression by 2 levels in English between Key Stage 2 and Key Stage 3)	0	165	=
96	Deleted (Progression by 2 levels in Maths between Key Stage 2 and Key Stage 3)	0	165	=
97	Deleted (Progression by 2 levels in English between Key Stage 3 and Key Stage 4)	0	165	=
98	Deleted (Progression by 2 levels in Maths between Key Stage 3 and Key Stage 4)	0	165	=
103	Special Educational Needs - statements issued within 26 weeks	0	165	=
107	Key Stage 2 attainment for Black and minority ethnic groups	0	165	=
183	Impact of local authority regulatory services on the fair trading environment	0	165	=
184	Food establishments in the area which are broadly compliant with food hygiene law	0	165	=
190	Achievement in meeting standards for the control system for animal health	0	165	=
199	Children and young people's satisfaction with parks and \ play areas	0	165	=



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## For Good Measure: Devolving Accountability for Performance and Assessment to Local Areas

Currently local authorities are more accountable to central government than to local people. The latest regime, the Comprehensive Area Assessment, and its predecessor have failed to increase the systemic performance of local government, and have enshrined central compliance rather than on improving their performance for local people. This is a significant factor in contributing to the disengagement of local people and in making the UK one of the most centralised nations in the developed world.

In this report, 'For Good Measure: Devolving Accountability for Performance and Assessment to Local Areas', we seek to develop a new performance and assessment regime, based on councils monitoring their own performance, supplemented by peer support and accountability to local people. Not only will such changes lead to improved performance and greater political engagement by local people, but will also produce significant cost savings in the process.

With a foreword from Sir Simon Jenkins, a leading advocator for localism, the report seeks to turn the performance and assessment agenda on its head.

"This is a timely and significant contribution to the debate around the performance of public services. As Localis says, it is fundamentally right that the accountability of local government should rest with local residents"

*Cllr Paul Carter, Leader of Kent County Council*

"Good paper - we need less inspection and more audit"

*Cllr Stephen Greenhalgh, Leader of the London Borough of Hammersmith & Fulham*

"This pamphlet enables localisation to move forward on a broad front and rebuts those who claim that a modern unified democracy cannot tolerate local diversity"

*Sir Simon Jenkins*



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