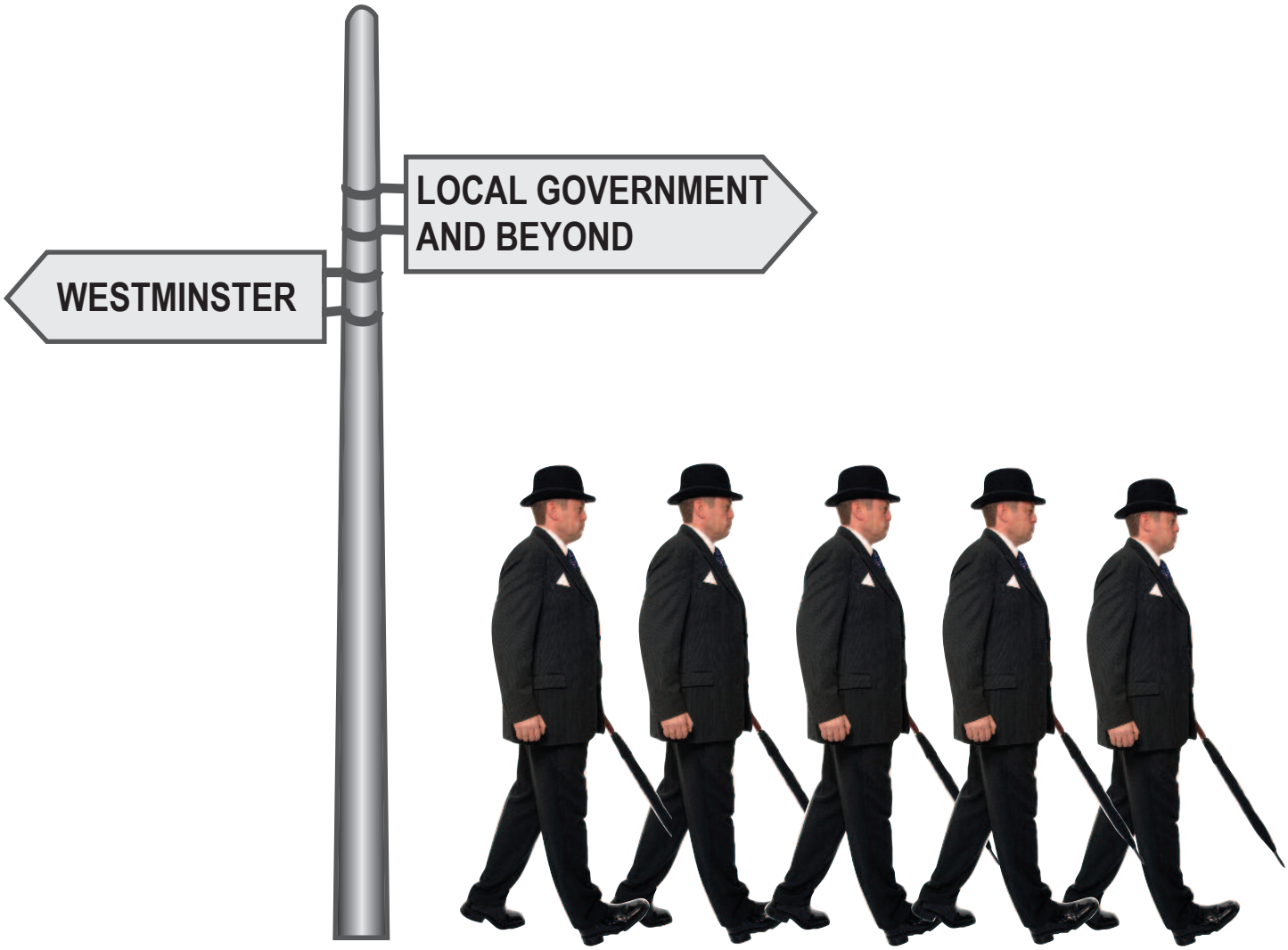

Bold Steps for Radical Reform

The Big Opportunity for Local Government and Big Savings for the Public Purse

A Discussion Paper

January, 2010

Kent County Council

The call for devolution…

"We need to step back, put local government on a surer footing and move towards less central direction, clearer accountability and more freedom to adapt services in response to the voice of local people"

Rt Hon John Denham, 2009
Secretary of State for Communities & Local Government

"The whole philosophy of the modern Conservative Party is about decentralisation – trusting people and giving them more power and control over their lives. It runs right through everything we do, decide, plan and propose...and a key part of that vision is local government."

David Cameron, 2009
Leader of HM Opposition

"Councils vary in quality and cost-consciousness but are in general better equipped than central government departments and quangos to align local choices about public services with the resources available. They should be set free of the shackles of Whitehall bureaucracy; given a stronger revenue base - including business rates - and wider responsibilities, including health commissioning; and left to find local solutions."

Vince Cable, 2009
Deputy Leader, Liberal Democrats

"Let me be clear: David Cameron and the modern Conservative Party are 100 per cent committed to devolving power to local government and local towns and cities."

George Osborne, 2009
Shadow Chancellor

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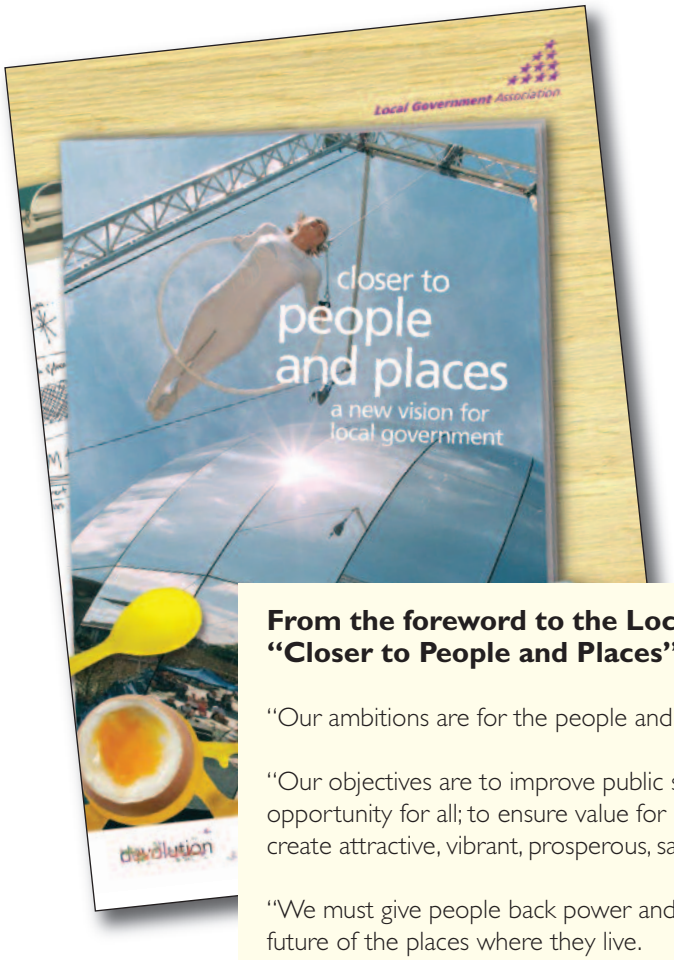


From the foreword to the Local Government Association's "Closer to People and Places", 2006

"Our ambitions are for the people and places we represent.

"Our objectives are to improve public services, widening both access and choice, and offering opportunity for all; to ensure value for money, making better use of the public's taxes; and to create attractive, vibrant, prosperous, safe and friendly places where people are proud to live.

"We must give people back power and influence over their lives, their local services, and the future of the places where they live.

"England is unique in the degree of central control exerted over public services and local government. It has sapped the energy, enterprise and innovation of frontline staff. It has denied local choice, and eroded local democracy.

"Central government must learn to give up the ingrained habits of decades. It must shift the balance of power and policy-making to locally based government; so that such power can be exercised with and for local people.

"The time is right, not for small steps, but for bold and radical reform."

Sir Sandy Bruce-Lockhart
LGA Chairman, 2006

Photo credit
LGA front cover: Andrew Parsons Photography
Lord Bruce-Lockhart portrait: James Sandercock Photography

Foreword

"The time is right, not for small steps, but for bold and radical reform"
Lord Sandy Bruce-Lockhart in 'Closer to People and Places', LGA, 2006

Over the last decade local government as a sector has come of age. Increasingly growing in confidence it has become the most efficient part of the public sector, innovating and adapting to improve the quality of services to local residents. This success has been delivered by placing service users at the heart of service design and delivery, empowering individuals and local communities and improving the efficiency and effectiveness of local government services.

All of this has been achieved whilst the regional bureaucracy has expanded and increasing amounts of power have been placed in the hands of unelected quangos spending vast sums of taxpayers' money – often with little effect. This can no longer go on. With public sector borrowing at record levels, we can no longer afford to waste money on this failing and extravagant way of working.

Over the last three years, from the publication of the Local Government Association's "Closer to People and Places - a new vision for Local Government" report to the introduction of the Sustainable Communities Act and the publication of Control Shift, the case for localism is clear and all three main political parties now support the approach.

The main barrier to achieving this step change now lies in developing an effective approach to delivery. This paper takes the debate to the next stage – suggesting what mechanisms local government must adopt in order to take on functions from the regional and quango state, how local government can deliver savings, whilst also improving the quality of services through community and citizen empowerment.

It takes forward the growing appetite in all political parties and public agencies for the Total Place Initiative, and raises the possibility of moving beyond Total Place into a new, permanent and equitable relationship between central government and local public services, finally delivering the possibility of local government delivering on its place-shaping role.

In Kent, we don't want to wait for new powers to be devolved before we prepare to exercise them. Working together as the family of local government in the county, we are already taking steps to put elements of this paper into action. With fellow Kent Leaders, and building on our "Kent Commitment" (between county and district) signed in 2007, we are working on an implementation programme to show Kent's readiness for the sweeping control shift and devolution we all now seek.

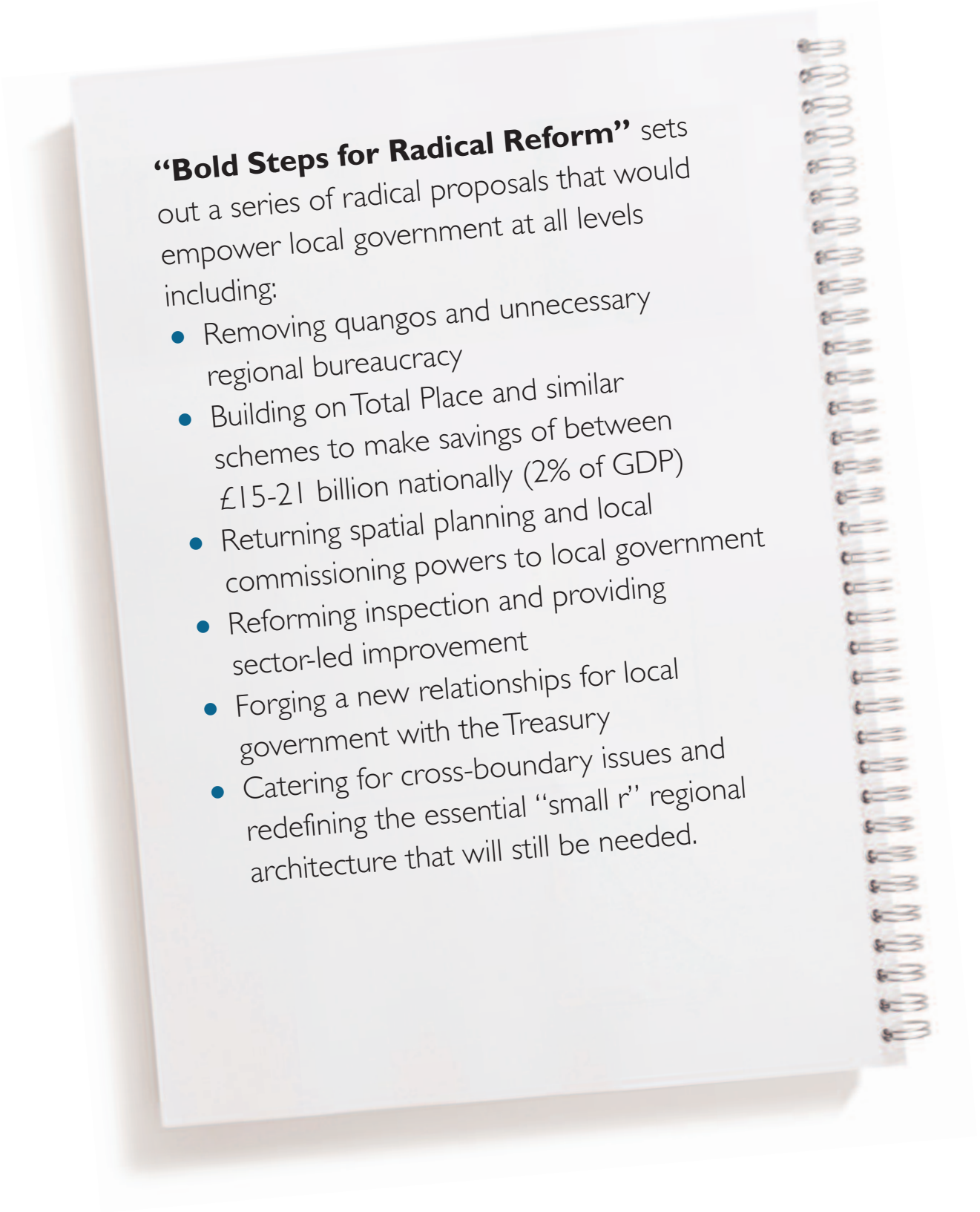
In the South East region, we have moved ahead, setting the pace for the rest of the country, being the first region to abolish its Regional Assembly (SEERA) and democratising as far as possible the slimmed down regional landscape under the Sub-National Review legislation.

My views have been shaped by 20 years in local government and as a businessman and entrepreneur. I have been a Borough Councillor and a County Councillor, the first Chairman of South East England Councils, and the last Chairman of the South East England Regional Assembly. This range of experience has given me a unique insight into the local regional dynamic and I am extremely grateful for the input of Leaders in the South East for shaping this paper.

But most of all, I have been enormously influenced by my late predecessor at Kent County Council, Lord Sandy Bruce-Lockhart who as Chairman of the LGA was the finest and most forthright advocate for an empowered local government sector. As he concluded in his LGA paper 'Closer to People and Places' - ***"The time is right, not for small steps but for bold and radical Reform".***

Paul Carter,
Leader, Kent County Council
Chairman, South East England Councils
January 2010

In a nutshell



"Bold Steps for Radical Reform" sets out a series of radical proposals that would empower local government at all levels including:

- Removing quangos and unnecessary regional bureaucracy
- Building on Total Place and similar schemes to make savings of between £15-21 billion nationally (2% of GDP)
- Returning spatial planning and local commissioning powers to local government
- Reforming inspection and providing sector-led improvement
- Forging a new relationships for local government with the Treasury
- Catering for cross-boundary issues and redefining the essential "small r" regional architecture that will still be needed.

Executive Summary

"There is nothing sacred about local as against central. It just happens to work better because it is closer to the user."

Sir Simon Jenkins, 2006

Introduction

"Bold Steps for Radical Reform" is about radical devolution to local communities and local government at every level. It accelerates a major "control shift" and shows how real devolution and empowerment can deliver substantial savings to the public purse and drive up standards of service for local people.

In addition to the 360 sovereign local councils, the public service landscape has been confused in recent years by an increasing number of regional agencies and national quangos. To rationalise the current structure, this paper suggests direct devolution of many existing regional and quango functions.

Respecting current statutory duties, and the co-terminus nature of operation with other public agencies, the paper proposes devolution to the family of local government in 46 sub-national areas based around city regions and historic county/shire boundaries. This will empower the family of local government in each to arrange their own local solutions to delegations and share the increased responsibility and accountability that devolution will bring.

Defining an essential strategic, but more minimalist role, for governance at a regional level is also necessary. Led by all local authorities within the region, this is likely to include wider elements of spatial planning, transport, infrastructure, economic development and skills and the management of inter-regional relationships.

Bold steps for radical reform

A profound and significant reshaping of the future form and role of government is now inevitable with public expenditure to be drastically reduced in the years ahead. Tentative moves towards sub-national or sub- regions groupings* need to be applied more rigorously and extensively. So far, the emerging policy framework is confused. Entwined with existing regional and quango structures, it does not easily encompass the local government family, including strategic county councils, many unitary authorities and district and borough councils. In fact, the majority of local government outside urban metropolitan areas.

[Many dislike the term "sub-regions" because many different agencies have different definitions. Sub regions here are interchangeable with sub-national groupings such as counties and cities]*

There is a way to deliver both significant cash savings through streamlining local government's relationship with Whitehall and removing the unnecessary and expensive bureaucracy associated with regional government and quangos by transferring their functions back to democratically-elected local government. Central to this will be forming city and county shire sub-regions of the family of local government in that area which have the capacity and capability to take on the range of functions from quangos and regional government and to devolve power as closely as possible to local people.

"A minimum of £15- £21 billion worth of savings – 2% of GDP – to be realised for the benefit of the public purse."

Cost Savings

Our estimates are that through a combination of efficiency programmes, taking the Total Place Initiative to the next level, streamlining activity and removing unnecessary regional and quango bodies we could save the taxpayer £15-21 billion, or just short of 2% of Gross Domestic Product (GDP).

What is more, local government must engage in a radical rethink of the way in which local public services are delivered. If local government is ever to truly fulfil its place-shaping role we need to expand its influence over many of the core public services operating in local communities – many of which used to come under the jurisdiction of the metropolitan and historic county councils before the functions were given over to Regional

Executive Summary

Assemblies and quangos in the 1990s. In the longer term, local government should look to become the strategic commissioner for the wider range of public services such as police, health and welfare.

The Total Place Initiative (TPI) is already providing a springboard with regard to scoping the opportunity for greater public service transformation and integration, offering up a range of efficiencies across the broader local public service family. Government estimates forecast TPI and other back office savings programme to deliver £9billion worth of savings to the public purse, however, we believe that the scope for savings across the range of activities undertaken by the public sector could realistically be doubled.

"Remove the vast majority of regional and quango bureaucracy."

The removal of the majority of the regional tier of government (but defining what is needed as a minimalist replacement to work effectively at this wider spatial level) and the abolition of a vast swathe of the quangocracy offers the opportunity of significant devolution of funding and function. But it will remain just that – an opportunity – unless local government collectively organises itself at a spatial level that will give Ministers in Whitehall the confidence the sector has the structural capacity to take on these functions. Local government cannot simply expect devolution of many strategic functions currently held at the regional and national level to it in its current form; instead it must innovate and adapt to deliver structures that can succeed in this new operating environment.

"Decentralise powers to the family of local government in 46 clearly recognisable sub-national city/county areas"

Sub-national framework

Empowerment of the family of local government would send a powerful message to local authorities that Government 'trusts' them to do the right thing for local people. Ministerial decentralisation to the family of local government in 46 clearly recognisable cities and counties areas would provide a coherent structure in which to devolve powers from regional bodies and quangos.

Under the principle of subsidiarity to which we are committed, cities and counties, districts and boroughs, towns and parishes (clustered together and working with their city/county where appropriate) would all be empowered, driving decision-making much closer to the resident.

Such a 'building block' approach will ensure that wherever possible decisions are taken within the local community, rising through to district/boroughs and county/cities, or clusters of both, the more strategic and spatial the issues or decisions become. This will give much greater clarity, connection and engagement between the tiers of local government in a sub-regional area.

In the same way, it is accepted that the economy does not conform to administratively convenient boundaries. In a densely populated and well connected country, travel to work areas and markets for goods and services will always cross regional and local borders. Although we recognise the importance of linking strategy with 'functional economic areas', it is equally important to note that such areas will never be perfectly aligned with administrative areas and are in any case dynamic.

Our proposal would therefore allow for partnerships between neighbouring counties or between districts across and within county boundaries, where many successful partnerships already exist. Indeed, such flexibility is important in ensuring that action is grounded in local need. Our proposition will help to increase this flexibility by removing the constraints of artificial regional boundaries while providing a stable geographical base on which local partners can work together.

Based around counties and cities, the underlying strength of this proposition is that, unlike abstract regional boundaries, it provides flexibility for sub-regions to coalesce and form their own joint-venture arrangements around strategic level issues. City and county regions with freedoms and responsibilities can better marry the objective of spatial efficiency and effectiveness with those of community identity and democracy. We have drawn up a map to illustrate how city and historic county sub-regions consisting of the family of local government in that area might look, but of course it would be for individual authorities to agree their own arrangements.

Executive Summary

"A new bi-lateral contract between central and local government to build on success of PSA1, with the Treasury the most appropriate department with which to build this relationship."

Improved public services

Significant savings can only be achieved if local government forges a new relationship with Whitehall. We need to move back to the original intention at the core of Local Public Service Agreement 1 (PSA1)– a bi-lateral contract between central and local government. This would allow a serious debate with central government about the longer-term public policy outcomes facing our local communities rather than simply being subject to the micro-management of short-term targets. Underpinning each contract should be the aspiration to continue to transform local public services and become more outcome focussed and customer centric.

Reduced inspection

With a transformed new bi-lateral relationship between HM Treasury and local government, the need for the range of external bodies undertaking audit and inspection of local public services will be greatly reduced – as this should be the core function of Whitehall departments.

"Audit Commission to be rolled back to focus on financial probity of local public service providers, progress made against PSA contracts and best practice reports to facilitate sector-led learning."

With regard to the Audit Commission, whose role has ballooned over recent years as it has become the primary agency responsible for inspection of local public services. We would wish to see its responsibilities rolled back to its initial foundation of assuring the Government of the financial probity of local public service providers and progress made against sub-regional LPSA contracts. Such a roll back in the range of functions undertaken by the Audit Commission and the wider inspectorate could save £1billion of the £8billion spent annually.

Our proposal also sees the wider inspectorates of local public services radically reduced including the Care Quality Commission, OFSTED and Her Majesty's Inspectorate of Constabulary.

Notwithstanding the above, we believe the Audit Commission should play a major new role in providing independent assessment and needs-led analysis to guide national funding allocations.

"LGA to become a broker and facilitator of sector-led support, promoting exchange of information and expertise across authorities – the best councils helping the rest."

The sector itself should be responsible for bringing its poorest performers up to standard, and reducing the risk that exists in the ability of sub-regions to delivery the LPSA contract with the Treasury. We foresee the key role in sector-led support being with the Local Government Association (LGA), who would work with the best authorities in the sub-region to actively support and engage any individual authority who had consistently performed well below the average for the sector and whose performance might put at risk the success of the sub-regional LPSA contract with the HM Treasury. The LGA's role would be as a broker and facilitator of sector-led support, promoting exchange of information and expertise across authorities.

What the people say

"Mori survey evidence examining who should set regional priorities placed local authorities in top position with 73% compared to central government with 45%. Moreover 'the community' came second with 60%, strongly indicating that the public are eager to be involved in the design and decision making about the future of public services. It seems clear that whilst there must be a top ***down devolution to the local government family*** *in order to deliver services more efficiently and effectively than either regional government or quangos, there must also be a* ***bottom up empowerment*** *of the individual citizen so that they can increasingly take personal responsibility for the design and delivery of the services that they use and access."*

Bold Steps for Radical Reform

Chapter 1. The need for change

The case for localism

All political parties now agree that localism and the devolution of power is a good idea; the problem is no longer the will to empower but how we overcome the practical issues and concerns around implementation that will allow this to actually happen. This consensus is partly driven out of necessity – the state of the public finances means that the public sector as a whole must find huge cost savings to help the Treasury bring down public debt to a manageable level.

Local government must not shirk from this challenge. The significance of local government to the national economy and public services cannot be understated. Local authorities deliver major public services in education and social care and their expenditure accounts for 27 percent of total public expenditure in the UK. Local government spent over £154 billion on local services in 2008-9.

As a sector we can point to a strong record of unparalleled transformational improvement. Nowhere is this trend better confirmed than in the scores of independent inspections that local authorities have faced over the last decade. Successive assessments introduced by the current government – including the Comprehensive Performance Assessment (CPA) – have all shown a consistent and unprecedented trend of improved performance year on year. Local government is the most efficient part of the public sector.

Better than Whitehall

Whilst local government has become a more lean and efficient sector, Whitehall and its associated regional quangocracy has become a bloated and inefficient drain not only on the public finances, but on the ability of the public sector as a whole to innovate and transform service delivery. Internal Whitehall "Capability Reviews" show that central government departments only hit 40% of their own PSA targets whilst they lack core skills around areas such as innovation. Depending on the definitions used to define quangos there are circa 790 spending £43billion.

Too many quangos mean that local government can at times look neither very local nor very much like government. A decade of centralisation to Whitehall and quangoisation has left local government at risk of becoming little more than an administrative delivery arm of central government and its associated agencies.

Historically, the transfer of powers away from County and Town Halls was driven by poor performance and the quest for national standards. But if the evidence shows that local government is outperforming Whitehall and quangos by some considerable margin, shouldn't powers and responsibilities be flowing from central to local government?

At the same time, the devolution of power and functions creates the opportunity of meeting the significant savings required to guide our way through the current financial crisis. Many commentators believe we are about to enter an 'age of austerity' where government pares back services to the core. But this is not inevitable.

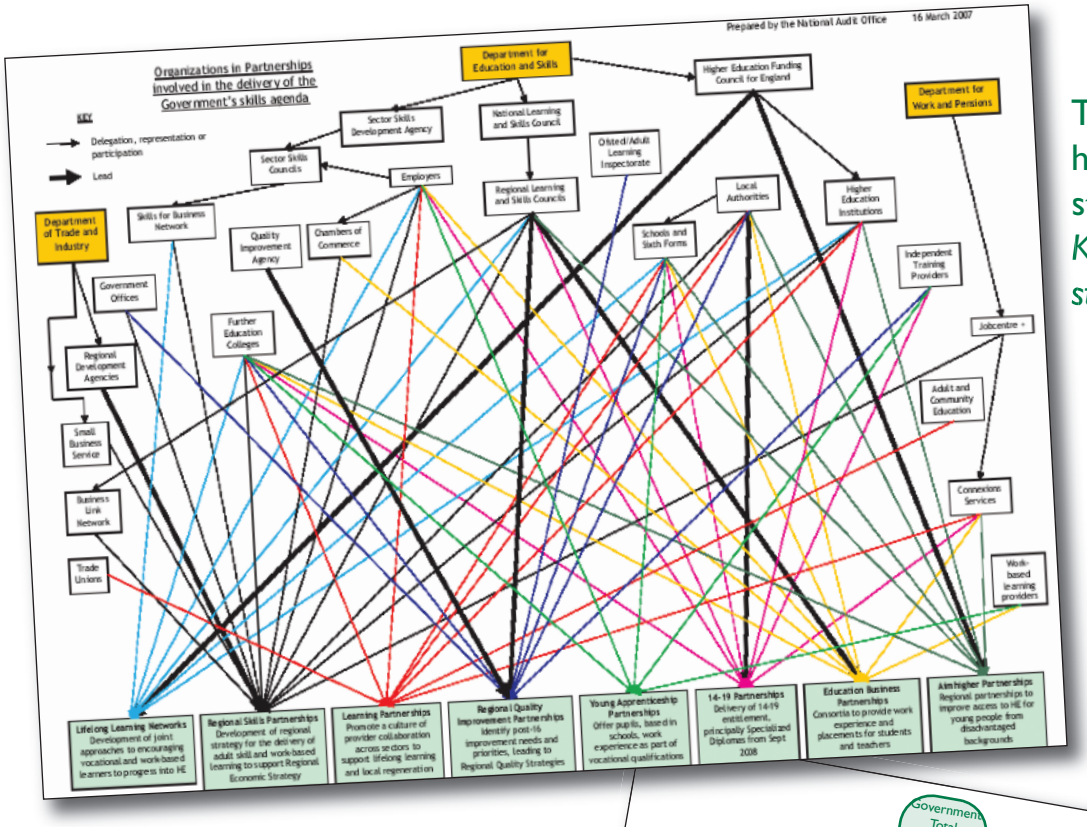
The arguments for this radical transfer of powers are exceptionally strong. As functions are passed from Whitehall through an administrative tier significant money leaks away from frontline service delivery into the delivery of self serving regional strategies and oversight arrangements that provide no support to the delivery of frontline services and very often duplicate the local strategies and plans adopted at the local level. The net result is not only that the bang per buck on public services is less, but that service delivery becomes inherently fragmented and complicated, with local delivery agencies accountable back to Ministers through a myriad of regional networks.

Quangos: Expensive and Everywhere

The diagram overleaf shows, using the South East and the Kent & Medway sub region as an example, just how large the quango state has become and how much they spend in a single locality such as Kent & Medway. Quangos spend some £43billion per year nationally, £34 billion of that in England alone. In the South East region, this figure is some £4.7billion and in the Kent and Medway sub region just under £1billion. That is the equivalent of just short of £600 worth of expenditure for every man, woman and child in Kent and Medway.

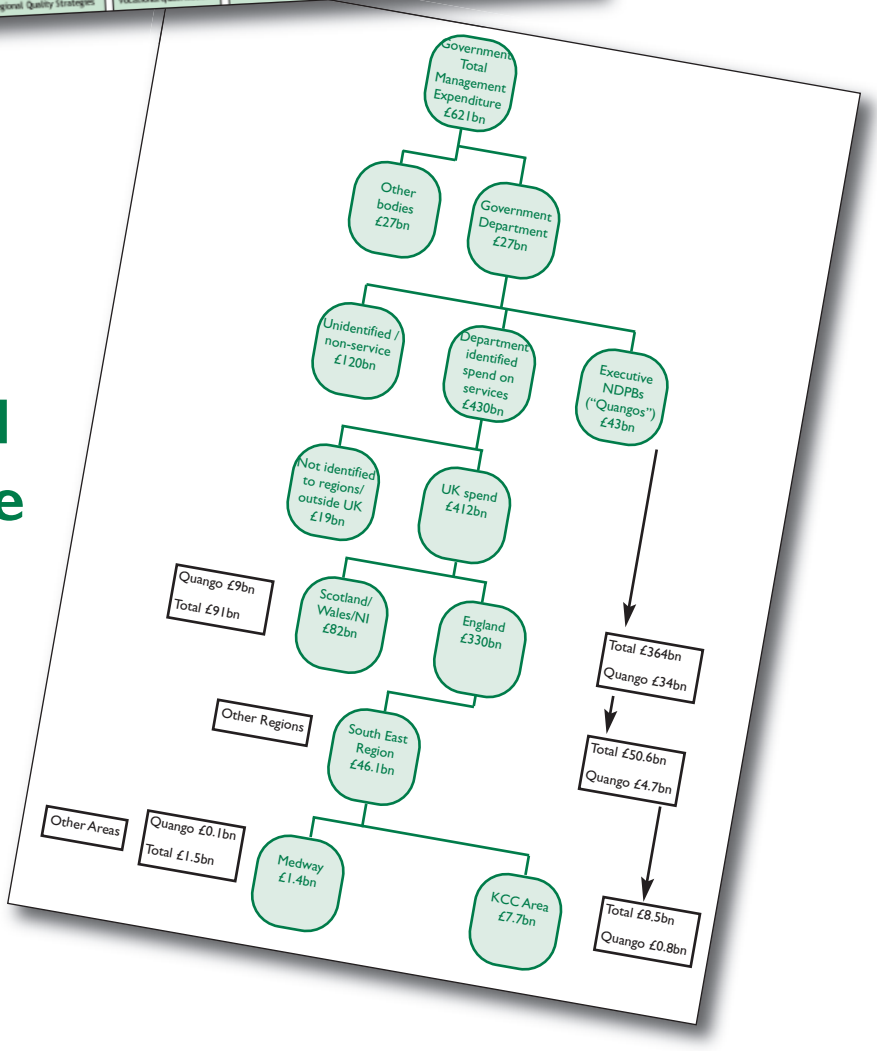
The problem is made even worse by Whitehall's bizarre tendency to replicate past mistakes. Time and again quangos are shown to fail in regards to the delivery of local services, yet, time and again Whitehall's answer to such failure is to set up another quango – which often replicates the failures of the first. A good example is the current plan to abolish the Learning and Skills Council (LSC) which

How skills are delivered now



This madness has got to stop…
Keep it simple stupid!!

How much Quangos spend and the "trickle down" in Kent and Medway



has failed to deliver the uplift in performance and standards across the Further Education sector. Indeed, the delivery of skills currently presents a highly confused picture (see opposite). Given the transformation in pre-16 education and training – especially in Kent through its innovative 14-16 vocational curriculum - full devolution of the LSC function to local government would allow for a transfer of our successful approach from pre-16 education into FE and allow a more seamless transition between pre and post 16 provision.

The Government intends to devolve the LSC commissioning function for further education to local government. But not for the first time the promise of devolution and the abolition of one quango signifies a false dawn. In place of the LSC, the Government has created two new quangos, the Young People's Learning Agency (YPLA) and the Skills Funding Agency (SFA) to oversee the delivery of the FE commissioning process and deliver apprenticeships – a vital part of future FE provision. The two quangos will operate through the regional bureaucracy, with local government delivery plans expected to align and conform with regional strategies – limiting the ability of local government to commission FE provision according to local need.

Governing through a regional bureaucracy

The impact of the quangocracy has been magnified by Whitehall's requirement on them to operate through an entrenched regional bureaucracy. Regional Development Agencies, Government Offices for the Regions and Regional Assemblies (soon to be replaced by Leaders Boards) have been at the forefront of central government's efforts to co-ordinate service delivery at the regional level. The jewels in the crown of regional government are the Regional Development Agencies, established to boost economic capacity and address persistent regional economic inequalities. The nine RDAs' annual spending now runs to £2.3billion per year and since their creation in 1999 they have spent collectively £15 billion.

Yet, they have fundamentally failed to meet their overall objective with regional disparities between London and the South East and the rest of the country actually increasing, whilst economic growth actually grew faster in the seven years before they were established compared to the seven years afterwards. Despite the failure of RDAs' to deliver against their core function, the current Government intends to increase their power by moving spatial planning functions from Regional Assemblies (which are at least local government led) into new Single Regional Strategies owned by the RDA.

However, because of a lack of expertise, willingness and, ultimately, recognition of their lack of democratic legitimacy, many RDAs have chosen to share their new spatial planning powers with the replacement to Regional Assemblies (Leaders Boards) with shared decision-making arrangements. For example, in the South East, the spatial planning function is now shared through the South East Regional Partnership Board, comprising both the RDA executive and the executive of the regional association for local government – South East England Councils (SEEC). Such arrangements prove that the regional tier cannot cut democratic local government out of the loop on strategic decision making, and highlights the inherent limitation of regional government. In reality, local government has had to find a 'sticking plaster' to make Whitehall policy work, even when the original intention was to cut local government out of the strategic decision-making process.

Undermining democratic Local Government

This pincer movement of increased quangoisation and regionalisation has had the consequence, unintended or not, of undermining local government's legitimacy. Whilst central government is, in principle, signed up to the place shaping agenda set out by Sir Michael Lyons, the reality is that the number of agencies operating in a local community at any one time, who are accountable not to locally elected politicians but vicariously through the regions and boards to the Minister, means that the ability of local government to truly shape public sector investment into local communities has been peripheral. It is perhaps unsurprising therefore that given this complicated network of service providers that the public has become apathetic and detached from local decision-making processes. The best indication of this can be seen at local election time with average turnout figures being 35-36% across the country.

This is not what the public want. Mori survey evidence examining who should set regional priorities placed local authorities in top position with 73% compared to central government with 45%. Moreover 'the community' came second with 60%, strongly indicating that the public are eager to be involved in the design and decision making about the future of public services. It seems clear that whilst there must be a top down devolution to the local government family in order to deliver services more efficiently and effectively than either regional government or quangos, there must also be a bottom up empowerment of the individual citizen so that they can increasingly take personal responsibility for the design and delivery of the services that they use and access.

A step in the right direction

Since 2000, the creation of the London Mayor and Greater London Authority (GLA) brought with it a whole new set of strategic and budgetary level responsibilities. The GLA has strategic powers for the Mayor and London Assembly that cover the set of economic development functions:

- Economic growth
- Housing
- Transport
- Skills
- Spatial planning
- Waste

GLA's powers involve a combination of devolution from Whitehall to London, and a transfer of responsibilities from London Boroughs. The GLA remains a strategic level body that does not directly provide any services itself. Its work is carried out through its delivery bodies and London Boroughs. The GLA model is generally considered a constitutional success story and a potentially attractive model for other ambitious and capable public service authorities to follow.

Photo credit: GLA

Chapter 2. The importance of place

"Place is actually more important to the global economy than ever before..."

Richard Florida, 2008

Devolution – from opportunity to reality

The removal of the majority of the regional tier of government and the abolition of a vast swathe of quangocracy offers the opportunity of significant devolution of funding and function.

But it will remain just that – an opportunity – unless local government collectively organises itself at a spatial level that will give Ministers in Whitehall and Westminster the confidence that it has the structural capacity to take on these functions. Local government cannot simply expect devolution of many strategic functions currently held at the regional and national level to it in its current form; instead it must innovate and adapt to deliver structures that can succeed in this new operating environment.

The fundamental principle – subsidiarity

One of the most significant factors that has limited devolution to local government has been the argument that it costs too much money, and that the scale of economies and efficiencies required in the public sector limit the devolution of functions to a multiplicity of local bodies. This is an argument which will no doubt be supported by those who feel we should solve the current fiscal crisis with increased centralisation of government power.

However, this should be no impediment. A central principle to make devolution work must be the application of the principle of subsidiary – requiring devolution to the lowest possible level at which a function can be undertaken and at which 'practical' decisions can be made. This will ensure devolution to the most appropriate level – which includes ensuring economies of scale, capacity and capability are considered as part of any settlement.

This 'top down' devolution to the family of local government must be complemented by 'bottom up' empowerment of the individual citizen upwards. Such a building block approach will ensure that wherever possible decisions are taken within the local community, rising through to district/boroughs and county/cities, or clusters of both, the more strategic and spatial the issues or decisions become. This will give much greater clarity, connection and engagement between all local government in a sub-regional area.

The Case for City Regions

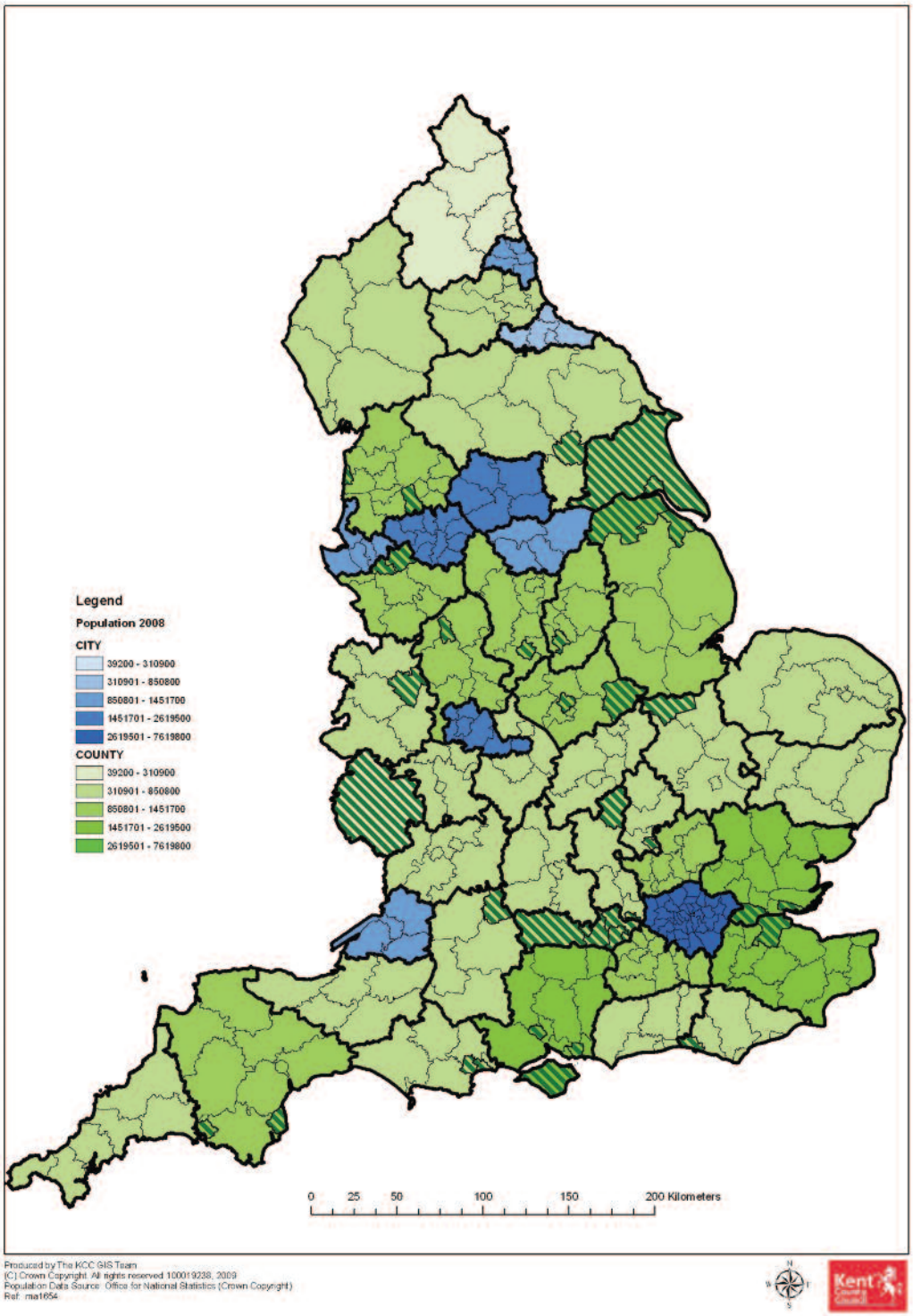
One of the arguments in favour of establishing the existing regional structure was the sheer impossibility of central government liaising/devolving to 360 local authorities. But there are about 46 historic county and city regions in England which is a manageable number for central government to empower and devolve to, with powers going to the family of local government in that area and flowing to and through.

Under the principle of subsidiarity, districts and boroughs, towns and parishes (clustered together and working with their city/county where appropriate) would all be empowered, driving decision-making much closer to the citizen or resident.

The case for city regions have become popular in academic, policy and government circles as a viable alternative to elected or unelected regional government. Parts of city regions thinking builds upon earlier government efforts on turning around city decline through democratic renewal and economic growth rates. It is important to note that problems facing many of our urban areas do not solely respect city boundaries, and often heavily impact upon surrounding counties as well. Nonetheless, in London, the need to address this democratic deficit was uppermost in securing devolution of power and accountability from Whitehall to City Hall. As was the need to restore coherence to a recognisable area within which residents attach a strong sense of identity.

Outside of London, city region pilots have been announced for Greater Manchester and Leeds. City regions are groups of local authorities working together to provide a clearer focus for all other agencies involved in promoting enhanced economic performance, whilst reducing regional economic disparities. City-wide governance arrangements have yet to be confirmed but it is likely that they will adopt 'economic prosperity boards' comprising all elected council leaders from the region with legally

English Cities and Shire Counties



binding decisions being made on a two-thirds majority basis.

Both pilots will receive a tailored package of devolved powers and funding yet to be confirmed but are unlikely to acquire GLA style powers. City region pilots are likely to obtain new strategy-making powers over adult skills funding strategies, new joint investment boards and piloting new employment programmes. However, formal funding and delivery responsibilities remain with the regional and quango bodies.

We would advocate that Government goes further and devolves more meaningful public service responsibilities to England's other core cities: Birmingham, Bristol, Liverpool, Middlesbrough, Newcastle and Sheffield.

In a wide-ranging report published last year, Localis draws lessons for national policy from Manchester's experience. These include that *"Where groupings of councils can demonstrate the ability to think strategically at a meaningful spatial level, they should be handed the powers and funding from central government, RDAs and other interfering quangos."*

Localis: Can Localism Deliver, 2009

The Case for Shire Regions

For centuries the shire counties have been important administrative areas. Yet, it is also significant to appreciate their territorial and diverse cultural and economic identities. Historic counties have been an integral and universally accepted part of our nation's history for over 1,000 years. Like many cities, they provide a fixed and ongoing geography for England unlike ever changing administrative areas used to determine quango and regional structures.

Therefore, it would be a mistake to view emerging sub-regional discussions as simply about city versus county, north versus south. And the debate should not be about opposing one over the other, more recognising that there are other forms of economic development required beyond city regions. As studies by the Chief Economic Development Officers Society (CDEOS) and County Surveyors Society (CSS) testify, large cities should not be the starting and finishing point for tackling economic disparities within or between regions. In keeping with the views of CEDOS and CSS, we believe that reducing the gap in growth between different parts of England cannot be met unless counties play a full and active role. Economic dynamics and population sizes will of course influence this. It There is great variety in existing regions with, for example, the population of the North East, just around a third of that of the South East.

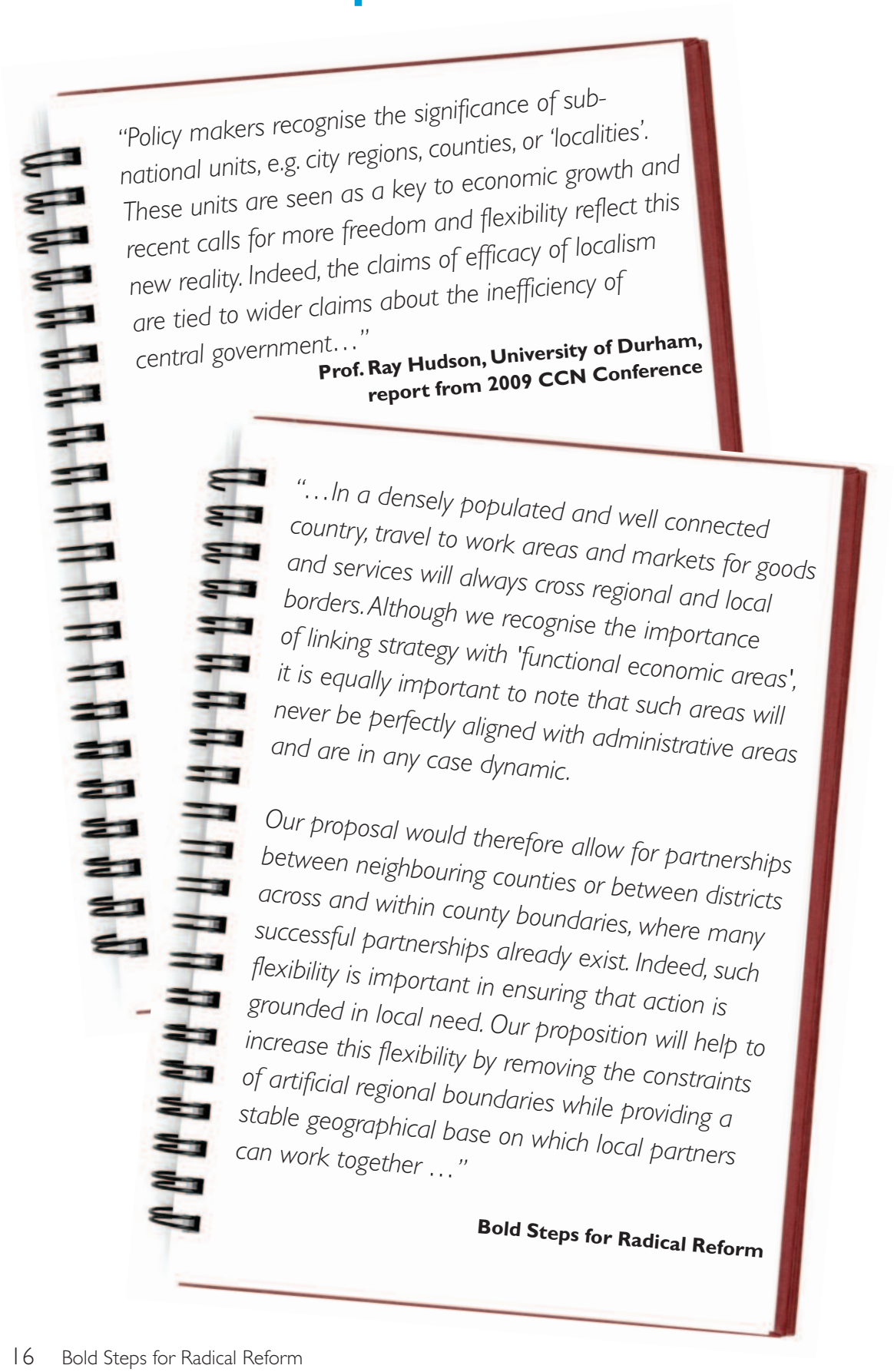
Yet, despite covering more than 60 per cent of England, counties' profile in the context of economic development has never approached that of their metropolitan counterparts despite in many parts county shire being the 'cornerstones of economic growth'. Recent government policy has chosen instead to focus excessively on the city regions as the main drivers of economic activity. Such an approach fails to re-ignite the whole economy.

There is a persuasive case for county-sized growth initiatives. Research by the Local Government Association (LGA) shows conclusively that below the national level, the key economic layer is the sub-region. And counties as a whole make a greater contribution to the national economy than city regions. The key to achieving economic growth and reducing economic disparities is to devolve powers and responsibilities from the central and regional layers back to city and county regions, comprising a family of local authorities with a track record of leadership and delivery, working together to deliver locally-based programmes which will make a real difference.

Such a move could be realised across the country by devolving powers and responsibilities to historic shire areas as well as to cities. This vision of empowerment foresees greater opportunities for the family of local government in that area to become engaged in the strategic agenda than has been the case with existing structures. The knock on benefit of such an approach is it should promote double-devolution, with functions increasingly devolved to borough, district and parish bodies, as well as to individuals and community groups.

In strategic housing policy for example, existing regional arrangements do not naturally make possible a meaningful degree of local sensitivity to give impetus and support to the identified local housing priorities. Local districts and boroughs will rightly retain local direction and control of housing

Economic Development



strategy and delivery through their individual LDFs, but work with counties and cities on wider spatial and strategic issues including housing mix and tenure across the sub-region, transport and community infrastructure, national/sub regional investment projects, growth points, environment and the planning and provision of energy, water and other resources.

We strongly believe that counties, working with districts and boroughs to share in the devolved national and regional powers, or where applicable unitary authorities coalescing along historic county boundaries (on strategic issues of national importance), can work. They can give real clarity of purpose and sense of place to regional spatial and housing strategies and provide a structure for excellence in delivery for local people.

City and Shire County Powers and Responsibilities

Empowerment within historic counties and cities would send a powerful message to local authorities that Government 'trusts' them to do the right thing for local people. But ministerial decentralisation to 46 clearly recognisable cities and counties consisting of the family of local government in those areas would also provide a coherent structure in which to devolve powers from regional bodies and quangos.

The underlying strength of this proposition is that, unlike abstract regional boundaries, it provides flexibility for sub-regions to coalesce and form their own joint venture arrangements around strategic level issues. City and county regions of the family of local government in that area with freedoms and responsibilities can better marry the objective of efficiency and effectiveness with those of community identity and democracy.

Economic Development

Of course, the economy does not conform to administratively convenient boundaries. In a densely populated and well connected country, travel to work areas and markets for goods and services will always cross regional and local borders. Although we recognise the importance of linking strategy with 'functional economic areas', it is equally important to note that such areas will never be perfectly aligned with administrative areas and are in any case dynamic.

Our proposal would therefore allow for partnerships between neighbouring counties or between districts across and within county boundaries, where many successful partnerships already exist. Indeed, such flexibility is important in ensuring that action is grounded in local need. Our proposition will help to increase this flexibility by removing the constraints of artificial regional boundaries while providing a stable geographical base on which local partners can work together.

We believe local government in England has the ambition and capability to offer strategic stewardship over public services to the public. The sector's record of proven performance also enables us to be better placed than discredited regional or quango bodies in gaining local public trust.

Below, we provide cogent and robust arguments and examples as to why it is more effective and efficient for local government in historic county and city areas to deliver these regional powers.

Spatial Planning: Combining the Local and the Strategic

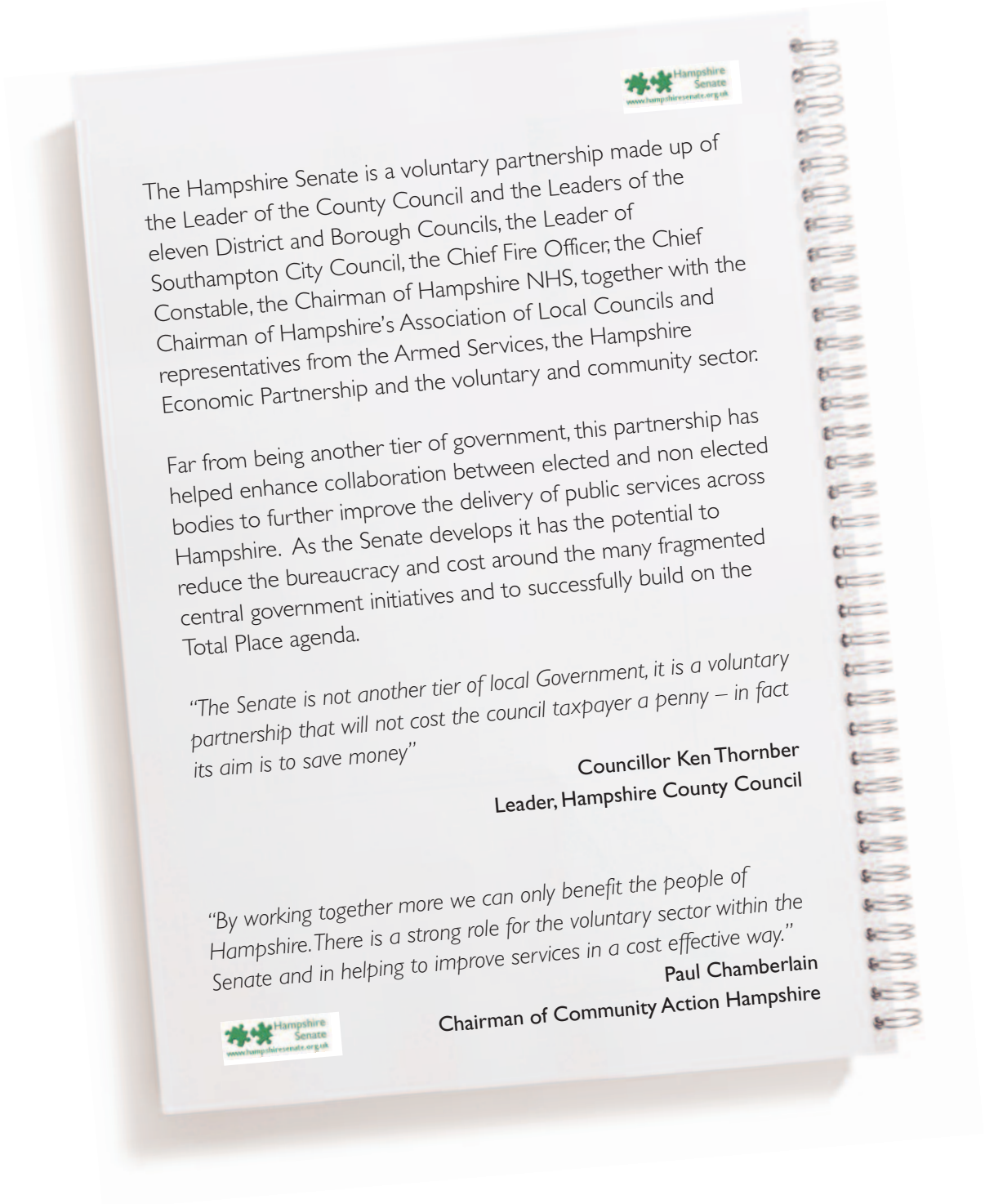
Critics of the approach outlined in this paper may argue that nothing need be done to replace strategic planning at the regional and sub-regional levels. Some would contend that an altered planning system could rely on statements of national policy and local (district) determination of planning decisions. Arguments against such a course of action particularly include the following:

- The tendency for regional and sub regional issues to be determined by Whitehall with a consequent drift to centralised planning
- The absence of professional and political capacity at a local level to tackle strategic issues when local authorities are already struggling to deal with local issues and Local Development Frameworks (LDFs)
- The absence of means to determine priorities on strategic matters and investments

In addition, real-world issues include the need for decisions on the distribution of growth pressures, planning policy on climate change and conservation and investment priorities at regional and sub-regional levels. Such issues include:

- Level and distribution of housing numbers
- Distribution of key growth points including new and expanded towns
- Location of economic growth nodes and the stimulus for growth
- Integration of national investment projects e.g. airports, ports, power plants etc into regional networks

Bringing together the family of local goverment - the Hampshire example



- Handling of intra-regional migration
- Planning of strategic transport and commuting/road/rail/air/port
- Strategic decisions on coastal protection
- Strategic efforts to mitigate Climate Change
- Planning and provision of energy, water and other resource supplies
- Efficient handling, re-use and disposal of waste, and the planning and management of minerals

These must be resolved locally, the county/city and borough/district, building on local LDFs and working together to agree spatial planning policy at the sub-regional level. Such a system would significantly increase the role of individual boroughs and districts in spatial planning policy while enhancing local responsiveness and accountability.

Spatial Planning: Below and Beyond Regionalism

The 2004 Planning Act sought to intentionally undermine sub-regional planning as a formal process. Strategic structure plans for counties and metropolitan areas were abolished and regional plans put in their place. It is now widely acknowledged that this change was a costly error. The regional planning system we have now is slower than structure planning. What is more, new challenges of the 21st century require an efficient and accountable system.

Many practitioners including professional planning bodies, who have examined the need for strategic planning since the 2004 Act, have concluded that a majority of decisions can be taken at sub-regional levels. A more local but strategic framework for ensuring longer-term vision and coordination of local plans is required. Yet, the present Government has rejected strategic planning on the basis of counties and city regions (other than Greater London) asserting that their boundaries do not reflect housing market areas, travel to work patterns or geographic features. However, 80 percent of expenditure in local government is co-ordinated on a county basis. Therefore, we firmly believe that co-ordination by historic counties with district councils should once again become a principal function of strategic planning.

Indeed, county and city spatial plans, building on District LDFs, are the most appropriate means for coordinating planning, transport, and economic development and conservation policies. Most importantly, they also offer (re-)alignment with well established and publicly understood localities. In August 2009, the Shadow Secretary of State for Communities and Local Government wrote to all local authorities making it clear that a future Conservative administration will introduce primary legislation to:

- Abolish regional strategies
- Abolish regional planning bodies
- Remove national and regional house building targets
- Cancel plans to move regional housing and planning powers to RDAs and Regional Leaders Boards

Recognising the Pan-Regional Role

Many strategic decisions can be taken at the county/city scale with direct accountability to local government. That said, we fully appreciate that real world pressures and the cascade of national policy requires some spatial planning and transport infrastructure matters to be dealt with at the regional level. These 'regional' issues include:

- Issues of population, migration and housing supply between London, other regions and the South East
- Planning of national transport infrastructure e.g. a lower Thames Crossing
- Retention or otherwise of Green Belts Location of Growth Points and areas of intensive economic growth and renewal
- Airport and Ports policy
- Climate change and coastal policy
- Handling of inter-regional waste and minerals planning

Without Regional Planning Bodies another system of decision making will be required. With a pattern of sub-regional plans there remains a residual need for Regional Guidance. Prior to the Regional Development Act, regional guidance in the South East and elsewhere was prepared by standing conferences such as SERPLAN, but finally adopted by the Secretary of State. A similar approach will be needed in the future.

In the South East SERPLAN covered the existing GOSE region plus London, Essex and Hertfordshire. London now has a stronger comprehensive form of government with the Mayor and GLA. It might be appropriate to continue to use the present regional geography to establish a pattern of regional guidance on residual matters. There is in the South East a useful alignment with the responsibilities of the South East Leaders Group. The process of planning

Stepping towards devolution… the Sustainable Communities Act

The Sustainable Communities Act gives an opportunity for councils and communities to put forward new thinking on how best to improve quality of life and wellbeing in their local areas.

The Act became law in October 2007. It provides a statutory framework for councils in England, working with local people and community groups, to put forward proposals on sustainable improvements to economic, environmental and social wellbeing. This includes plans involving decentralisation and reconfiguration of public services, and changes to the pattern of public spending, which would contribute to these goals.

The Local Government Association has been appointed as the national 'selector' body to assess and short-list proposals made by councils under the Act. Proposals from the final short-list are then decided on by the Secretary of State for Communities and Local Government, after consultation with the LGA as selector.

David Drew MP (Labour), Nick Hurd MP (Conservative) and Julia Goldsworthy MP (Lib Dem) led the cross party campaign for the Act in Parliament. They say: *"This is not just another consultation. This Act gives you power to protect and enhance your community, we urge you to use it."*

The Government Minister, Phil Woolas, told the House of Commons on 15 June 2007 that the Sustainable Communities Act was one of the most important such Acts in the last 40 years:

'I genuinely believe that it will change the relationships in British politics'.
Phil Woolas, MP, 2007.

Proposals for new powers and devolution from national and regional government include:

Essex - Welfare
"The duty to set the eligibility criteria and amounts payable for all working age benefits for all claimants in Essex be devolved from central government to ECC."

Liverpool - Utilities
"Local Authorities given power to force utility companies to reinstate works to original state and that any utilities works that are disruptive to the local highway network should be agreed and co-ordinated with the City Council."

Hampshire - Spatial planning
"Devolve the responsibility for Regional Strategy preparation from the regional level to county level, enabling closer links between planning and delivery of services such as transport, education and health, and enhancing local democratic accountability."

Kent - Skills
"The transfer of functions of the Skills Funding Agency and Young Peoples Learning Agency in regard to the county of Kent be devolved to KCC."

and providing regional guidance would require a small technical team, drawing also upon the expertise and advice of the respective counties.

In sum, there is a strong and continuing need for strategic planning below the level of regions. Most strategic planning can be achieved with counties and cities offering a static and sensible geographic basis for that work, drawing upon the local input of the family of local government in their areas. There are some issues and priorities that would need to be resolved at a regional level. But a 'Leaders Board' or equivalent panel consisting of constituent local authorities, could oversee that function to be undertaken by a technical team and create democratic legitimacy below national level.

Local Government commissioning across the public sector

"...there should be a presumption that powers are best exercised at the lowest effective and practical level."

Central-Local Concordat, 2007

If local government is ever to truly fulfil its place shaping role we need to expand its influence over many of the core public services operating in the public domain – many of which used to come under the jurisdiction of the metropolitan and historic county councils before the functions were given over to quangos in the 1990s.

Co-terminosity - shared boundaries - for services in also an important factor. For issues of both service quality and efficiency, co-terminosity can be highly effective in ensuring co-ordinated delivery.

Police

For example – police authority functions could be brought back under the purview of sub-regional local government (very often matching police force service areas), with local councillors accountable for the strategy and performance management of delivery against the Policing Plan with the Chief Constable responsible for day-to-day delivery of services. This does not need to be undertaken by a separate authority duplicating the skills and functions that local government could provide.

And Primary Care Trusts

Again, there is no reason why the function of Primary Care Trusts should not be brought back under local government purview. Already we have noted how many local authorities and PCTs are merging their Chief Executive function, not only because the generic skill sets of the two posts are nearly identical, but integration of strategy and planning into a single framework would improve the delivery of services. Local government is already adept at strategic commissioning against local needs, and could strategically commission primary care providers – allowing for far better integration between social services and health functions.

What about welfare?

The ability of local government to undertake strategic commissioning offers up the opportunity for significant transfer of function from quangos and Whitehall. DWP commissions welfare to work services from a variety of providers, but is often too distant to effectively performance manage providers at a very local level. The move towards DWP increasingly commissioning functions at a sub-regional level could see the transfer of that commissioning function to county sub-regions, who would be better placed to commission against local needs and ensure better integration of services with the wider range of wrap-around provision provided by local government. Sub-regional commissioning of welfare to work services would allow for a better mixed economy of provision between the private, voluntary and public sector, increasing competition and choice and driving improvements in the quality of provision.

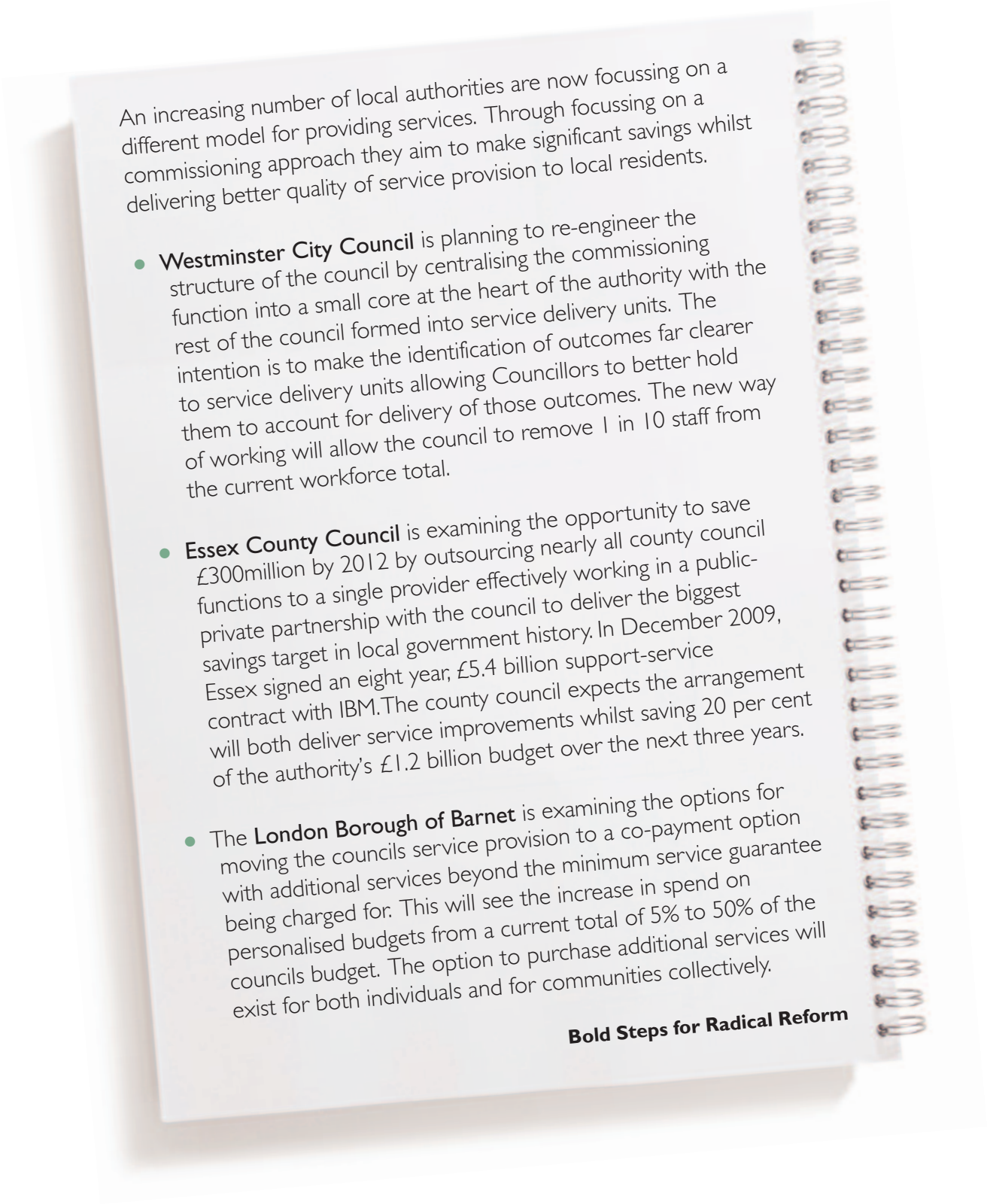
Devolution beyond sub regions and principal authorities – to town and parishes

Although we have so far focussed on what can be devolved to principal local authorities (ie cities, counties, boroughs and districts), we should be committed to the principle of subsidiarity, and that some functions, which are appropriate to devolve should go down from principal local authorities to town and parish councils. Of course, this would depend on a number of issues, not least the local capacity and capability (not to mention willingness) of very local bodies to take on a wider range of functions and the importance of ensuring scale of economies.

Sub regional involvement in strategic policy

Therefore, it should be for each sub-region and principal local authority to decide what range of functions may be delivered and how it can best ensure that service quality is maintained. Whilst this might lead to a 'patchwork quilt' of devolution at the lowest level, we believe there would be considerable pressure across the country to devolve in one area if that function had been devolved in another – whilst also providing a means to raise the capacity and capability of these vitally important local institutions.

Focus on commissioning



An increasing number of local authorities are now focussing on a different model for providing services. Through focussing on a commissioning approach they aim to make significant savings whilst delivering better quality of service provision to local residents.

- **Westminster City Council** is planning to re-engineer the structure of the council by centralising the commissioning function into a small core at the heart of the authority with the rest of the council formed into service delivery units. The intention is to make the identification of outcomes far clearer to service delivery units allowing Councillors to better hold them to account for delivery of those outcomes. The new way of working will allow the council to remove 1 in 10 staff from the current workforce total.

- **Essex County Council** is examining the opportunity to save £300million by 2012 by outsourcing nearly all county council functions to a single provider effectively working in a public-private partnership with the council to deliver the biggest savings target in local government history. In December 2009, Essex signed an eight year, £5.4 billion support-service contract with IBM. The county council expects the arrangement will both deliver service improvements whilst saving 20 per cent of the authority's £1.2 billion budget over the next three years.

- The **London Borough of Barnet** is examining the options for moving the councils service provision to a co-payment option with additional services beyond the minimum service guarantee being charged for. This will see the increase in spend on personalised budgets from a current total of 5% to 50% of the councils budget. The option to purchase additional services will exist for both individuals and for communities collectively.

Bold Steps for Radical Reform

Chapter 3. Fit for the future

Why we need a new approach

Many of the key challenges facing public services – the continuing intractability of many social problems, the drive for greater efficiencies, and high expectations from residents – will require councils and their local public service partners to develop wholly new approaches to service delivery.

Local authorities have been well aware of the need for radical change in regard to how services are delivered for some time – the challenges of an aging population, increased personalisation and rising customer expectations have been at the forefront of the sector's thinking. The financial crisis only provides a new spur to push the transformation agenda further, faster and deeper.

As a sector we have already begun this journey of transformation. Where once services were designed by professionals in order to support an ethos rather than individual need, the future will be focussed around the co-design of local services by individual users. Where once the public sector dictated when and how clients could access services in the future clients will have 24-hour access through a variety of communication channels of their choice.

Despite the hollowing out of local government by quangos and regionalism over the last 25 years local government has proven exceptionally resilient. Why? Because there is no other authority at the local level with the democratic legitimacy to deliver local services, but also because as a sector we have had little choice but to innovate and adapt to demands and expectations of an increasingly knowledgeable and consumer savvy public.

Whilst the traditional view of local government as being bureaucratic, staid and inefficient might be driven by the media view, the reality is that today's sector is increasingly innovative and market driven. Instead of being perceived as merely the delivery arm of central government there is a clear ambition across the sector to free itself of the shackles of central government and recreate civic entrepreneurialism found in the 19th century by the likes of Joseph Chamberlain who transformed the lives and living conditions of citizens without waiting for permission from the Minister in Whitehall.

The Gateway Model – single access to public services

In Kent local government has come together to introduce the Gateway concept – offering a single, convenient public service point sited in retail-based locations, and using the latest technologies to improve the customer experience and integrate public services in one place. The focus is on shaping services to fit around customer need, maximising efficiency both for the clients and service providers, and delivering effective, measurable outcomes for people. The scheme has been extremely popular with the first round of Gateways anticipating annual footfall of more than one million people. The Gateway concept has become an example of best practice for local government with other authorities now seeking to franchise the Gateway model in their own areas.

Phase 2 of the Gateway Programme will see the further roll out of 9 Gateways across towns in Kent, whilst the gateway brand will move to include virtual access routes such as a single 3 digit telephone number for public services in Kent and a single website – increasingly moving service provision and assessment online in order to generate significant back office savings - potentially in excess of £20 million over the next three years.

East Kent Joint Waste Project – working together across tiers of local government

District Councils in East Kent, working together with Kent County Council as the waste disposal authority have forged an agreement that will see collection and waste disposal budgets being treated as a single budget in East Kent. A new single model of collection will be introduced, increasing recycling across East Kent, with significant procurement savings realised for both East Kent District Councils and the County Council. It is hoped that the project can deliver between £15-20million of savings over the next seven years. As more district councils collection contracts come up for renewal the hope is to expand the scheme, improving the service offered to residents and increasing the savings delivered across both tiers of local government.

Westminster Family Recovery Programme

Westminster Council's Family Recovery Programme is all about tackling social breakdown head on, developing early intervention models to improve

Steps towards individual empowerment

The Kent Card – choice and personalisation of adult social care

Kent County Council's "Kent Card" is an innovative way of giving individual service users the freedom to choose the way they access important services. Following a social services assessment, service users are offered cash through the visa enabled Kent Card, as an alternative to having services provided for them. This allows users to decide for themselves how and when services are delivered to them and who the provider is, whether it is in the private, public or voluntary sector. Crucially, if service users are unhappy with the service from any particular provider they can change providers without reference back to social services. This personalisation improves the efficiency and effectiveness of service delivery, placing service users at the heart of the model, whilst reducing the overhead costs to the county council.

results for families and deliver major cost savings in the long term. It uses a combined public services team to address the needs of those families who have the most chronic and complex difficulties through a multidisciplinary approach. The team includes practitioners from children's services, adult social services, housing officers, the police, primary care trusts and youth offending teams, as well as the voluntary sector.

Community Innovation Teams

In Hampshire, the Community Innovations initiative is a joint scheme between the County Council, Health, district councils and the voluntary sector. It is aimed at promoting the well-being of older people who are at risk of losing their independence but who currently do not meet the criteria for Adult Services Department support.

Joint Appointments across the Public Sector

Increasingly local government is joining up its most senior appointments both between councils and across the public sector. Essex County Council and Brentwood Borough Council now share a Chief Executive. South Hams District Council and West Devon Borough Council now share a chief executive, whilst both Hertfordshire County Council and Blackburn with Darwen Council have appointed a shared chief executive with the PCT and Council, sharing expertise across sectors. In Hampshire, there is a shared Chief Executive arrangement between East Hampshire District Council and Havant Borough Council. Hampshire County Council also has joint public health appointments with the PCT. East Devon and South Somerset District Councils - the two biggest in the south west- have said they are working together to develop "a joint strategy that will… include a joint management team under a shared chief executive". They intend to have a joint chief executive in post by April 2010.

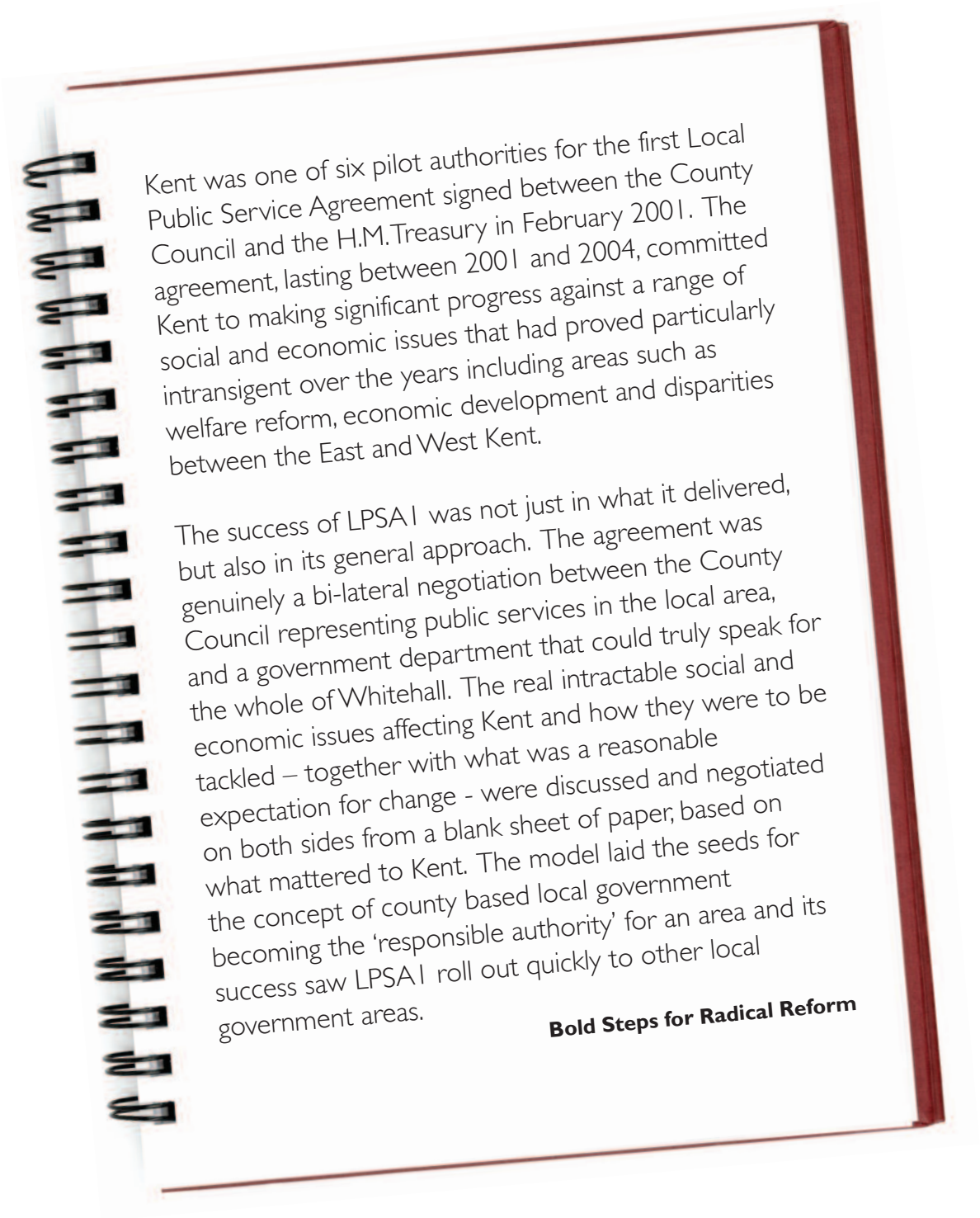
Trading & Charging

A number of pioneering local authorities are at the forefront of utilising the freedoms and flexibilities for top performing local authorities found in the Local Government Act 2000 to increasingly use the trading and charging powers to provide services across the public and private sector, competing in the market and generating income which then reduces cost pressures across the organisation. Norfolk County Council's trading company, the Norse Group, has a turnover of over £180million per year and provides a range of services to local authorities across the country. Kent County Council's Commercial Services division is a non-budget funded operation with a turnover of over £300milion, whilst brokering an additional £350million worth of services per year. It employs over 1200 people and provides services as diverse as a bus company, electricity and other energy requirements to a building works company. Importantly, these trading arms have often acted as marked moderators, with the cost of tenders coming down even in areas where trading services are not directly operating.

Conclusion

Not only has local government as a sector improved over the last 10 years as a whole, but the reality, as shown here through these examples is that local authorities are already at the leading edge of innovative service design and radical thinking about how they will operate over the next 10-20 years. This proves the ability of the sector to adapt and change, and provides just a fraction of the evidence base to support real devolution from central government, regions and quangos.

The success of LPSA1 - "The Kent Agreement"



Kent was one of six pilot authorities for the first Local Public Service Agreement signed between the County Council and the H.M. Treasury in February 2001. The agreement, lasting between 2001 and 2004, committed Kent to making significant progress against a range of social and economic issues that had proved particularly intransigent over the years including areas such as welfare reform, economic development and disparities between the East and West Kent.

The success of LPSA1 was not just in what it delivered, but also in its general approach. The agreement was genuinely a bi-lateral negotiation between the County Council representing public services in the local area, and a government department that could truly speak for the whole of Whitehall. The real intractable social and economic issues affecting Kent and how they were to be tackled – together with what was a reasonable expectation for change - were discussed and negotiated on both sides from a blank sheet of paper, based on what mattered to Kent. The model laid the seeds for the concept of county based local government becoming the 'responsible authority' for an area and its success saw LPSA1 roll out quickly to other local government areas.

Bold Steps for Radical Reform

Chapter 4. Central: Local relations - past, present and future

Hollowed out local government

The regionalisation and quangoisation of the public sector landscape in the 1980s and 1990s may have sought to bring greater efficiency to the delivery of public services, but in doing so it undermined local government who, under the remit of metropolitan and shire county councils had for many years directly controlled and strongly influenced a wide variety of public services, including Fire, Police and public transport.

Instead, local government increasingly became to be seen across Whitehall as just one of many local deliverers of public services in a national delivery chain. The subsequent audit and inspection regime - with its performance indicators and target culture - became the key driver of central and local government relations.

National bodies such as the Audit Commission greatly expanded their role, from assuring the Treasury on the probity of local government expenditure, to inspecting local government services, spreading 'best practice' and applying national, Whitehall inspired standards to the delivery of local public services. An entire self- serving industry flourished around local government, not one part of which contributed to the delivery of front-line public services.

The problem with such a top-down relationship is that it is hugely inefficient. Applying national service standards across the board is expensive when local needs are more subtlety distributed across geography and typology. The target and rules-based approach stifled local innovation, whilst local public services became increasingly fragmented, each concerned with its own performance framework, irrespective of the impact or wider priorities of other services across an area.

Belatedly, there has been some acceptance across Whitehall of the need to shift central local relations into a new, more mature relationship. However, the rhetoric has been stronger than the reality. But we don't have to look too far back in history to see the green shoots of what a new relationship between central and local government might look like.

The bureaucratisation of LAA – the present

In many ways, LPSA1 (see opposite) was a victim of its own success. Arrangements for LPSA2 were quickly overtaken by the model for Local Area Agreements (LAAs) and the two processes effectively became one in the same.

LAAs were an attempt to take LPSA national, applying the concept of a contract between Whitehall and local government to every top-tier authority in the country. One can understand the reasons for government wanting to do this, LPSA1 had worked so well, galvanising the relationship between public service providers at a local level, and focussing on the most important areas for change. Why couldn't this be replicated at a national level? But in Kent's experience - and the experience of many other local authorities who have experienced the full range of LPSA to LAA it is clear that LAAs have not been the success that LPSA1 was. The question is why?

The answer is twofold. Firstly, compared to LPSA1, LAA agreements have sprawled into vast entities and have lost focus. The Kent LPSA1 agreement focussed on just seven key areas with a limited number of targets, all negotiated bi-laterally with HM Treasury. LAAs cover a much broader spectrum, covering up to 35 different individual targets, with the second round of LAAs performance indicators now prescribed by the new National Indicator Set (NIS) with Government increasingly requiring certain targets to be included in all LAAs. They have shifted from being a bi-lateral 'contract' between central and local government to Whitehall increasingly viewing LAAs as just another mechanism to ensure the local delivery chain delivered what it wanted.

Importantly, it was the way LAAs were negotiated and whom local government negotiated with that is most significant. LPSA1 was essentially a contract negotiated and signed by HM Treasury on behalf of central government. LAAs however, in the rush to nationalisation and standardisation, came to be owned by the Department for Communities and Local Government, negotiations were not bi-lateral, but were undertaken through the third party of the local Government Office for the Region (GO).

Weak compared to spending departments, GOs struggled to be the advocate for local government within Whitehall that the Treasury had been during the LPSA process. LAAs lost cohesiveness as Whitehall

Whither the Department for Communities and Local Governement?

Streamlining the system – possible options for change

The development of a bi-lateral relationship between the Treasury and the 46 sub-regions of the families of local government in those areas might lead to questions being raised about the sustainability of a stand alone department for local government in Whitehall. We envisage three possible scenarios for future working relationship between central and local government:

Option 1: Streamline CLG

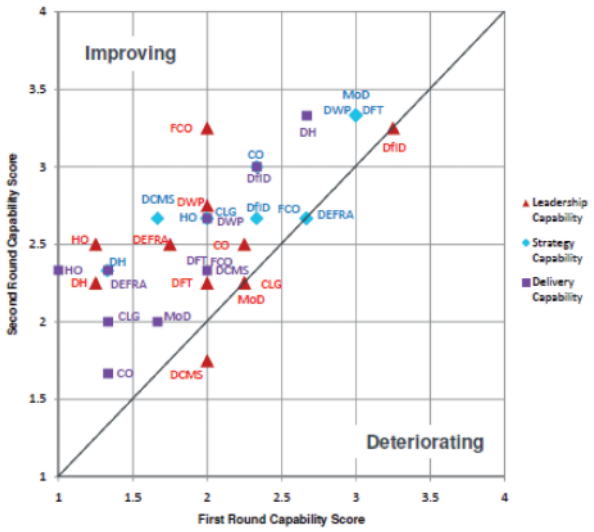
Recent research has indicated that savings of up to £1.3billion could be saved from CLG's budget if its role were radically revised. Our model offers the potential for that recasting of CLG's role towards one more akin to the original focus of the Government Office for the Regions. CLG would be predominately responsible for being local government's advocate in Westminster and Whitehall, providing an interface between the local government sector and wider central government, and improving Whitehall's interface with local government through better co-ordination. CLG would no longer attempt to micro-manage local government via endless initiatives, programmes and Green Papers.

Option 2: Merge CLG

Given the slimmed down responsibilities of CLG, it might not be logical or financially sustainable to maintain the overhead of a stand-alone Whitehall department. The slimmed down CLG could merge with another Whitehall department, moving its remaining functions, civil servants and Ministers but significantly reducing the overhead cost to the public purse. In many ways, this would simply be reverting back to the recent past when local government was covered by multi-functional departments such as the Department for the Environment (DOE), Department for Local Government, Transport and the Regions (DLTR), Office for the Deputy Prime Minister (ODPM).

Option 3: Abolish CLG

It could be argued that CLG hasn't lobbied or advocated successfully for local government in Whitehall, and has struggled to embed itself in the Whitehall hierarchy, with many departments subverting CLG and dealing with local government directly. This is reflected in CLG departmental performance as highlighted in the recent Capability Reviews. Whilst the CLG was at mid range for its leadership capability and also its strategic capability, it has scored consistently low against its delivery capability (see chart). Central to this low score against delivery capability is the fact that CLG delivers very little directly, and what it has had to deliver directly it has done so very poorly. Through an expanded Local Government Unit and enhanced Delivery Unit located in the Treasury, the remaining core functions of CLG could be undertaken by the Treasury, with a Ministerial Team within the Treasury taking specific responsibility for local government matters.



Source: Institute for Government

departments were offered the opportunity to input into each LAA by GORs, which meant LAAs began to replicate the fragmentation of Whitehall departments rather than being consistent with the needs of the local area. The entire issue has been compounded by placing LAA front and centre in the new Comprehensive Area Assessment (CAA) inspection regime for local public services, which has brought new multiple actors into the fold, such as the Audit Commission and the wider tier of public inspectorates, and has further bureaucratised the LAA process.

Unfortunately, these lessons were not learned when the new Multi Area Agreements (MAA) were developed in Whitehall, an attempt by which to move LAAs across local authority boundaries to deal with cross-cutting issues. As a result, MAA negotiations have been drawn out and complicated with comparatively few MAAs agreed despite CLG's vision of MAAs being the means to deliver at the sub-regional level.

New relationship with Whitehall – the future?

We cannot go on like this, not only because we can no longer afford to do so, but because the entire system is focussed around local government being part of a national delivery chain. We need to move back to the original intention at the core of LPSA1 – a bi-lateral contract between central and local government. This would allow a serious debate with central government about the longer-term public policy outcomes facing our local communities rather than simply being subject to the micro-management of short-term targets. Underpinning each contract should be the aspiration to continue to transform local public services and become more outcome focussed and customer centric.

How can a new meaningful bi-lateral relationship between central and local government be delivered? In many respects the most significant argument against the development of a bi-lateral relationship has already been removed. Whitehall has long argued that it cannot forge bi-lateral relationships with all 360 local authorities. Thus it requires the intermediaries of a specific local government department such as DLTR then CLG and the Government Offices (GO) to act as a filter. Yet, neither of these bodies has been particularly effective for local government, CLG remains a relatively weak department within the Whitehall hierarchy, whilst GO's original remit of disseminating information and advice has been replaced with being a yardstick with which to micro-manage local public services.

The effect of this has been far greater than readily acknowledged. It has weakened central government's voice in national decision making, but as important, it has weakened central governments understanding of why local government exists and what it can offer. A new bi-lateral relationship between central and local government, not only offers up the opportunity of increased efficiencies and savings, but the ability to re-connect the strategic policy and financial decisions made by central government to the delivery of public services on the ground.

It cannot be beyond the capacity or capability of central government to forge bi-lateral relations based on the 46 sub-regions (9 city region and 37 historic counties) outlined in this paper, with local targets defined and delivered by counties/cities, boroughs/districts or clusters of both as most appropriate locally.

Moreover, we would contend that the most appropriate Whitehall department with which to build this bi-lateral relationship should be HM Treasury. This relationship has been proved to work through LPSA1, the locus of policy making over the medium to long term will shift towards the Treasury as we pare down public sector debt, and the Treasury would want a similar relationship with the local government sector as it has with spending departments, as it seeks to transfer functions from quangos and regions, to sub-regional local government.

A new contract

The new bi-lateral contract should look and feel more like the original LPSA agreements than the LAA. Ideally, there should be no more than 12 themes in any single agreement, agreed through bi-lateral negotiation with the relationship manager, with a single strategic performance indicator and target set out within the agreements. Given that the aim of the bi-lateral contracts should be focussed on the transformation of services at a local level, tackling the intransigent social, economic and environmental problems of an area, the period that the agreement should cover should be at least five years. This will offer the opportunity of sub-regions having the time to make a difference, and the Treasury having the information to assess the impact that has been made locally.

Such an area based approach the sub-regional level would support a total place approach to the delivery of the LPSA contract – with local public services, whether the direct responsibility of local government or not - increasingly pooling resources, developing joint strategies and truly being held to account together for their performance against the agreed targets with the Treasury.

Sector led support

The Kent – Swindon Model of Support

Swindon Borough Council entered into a three-year performance improvement contract with Kent County Council in relation to its Social Services function in October 2005. Through the Kent County Council local government franchising model under the auspices of the Inter-Authority Partnership Unit also hosted by Kent, the overall aim of the project was to move Swindon's social services up to 2-star status by autumn 2007. This was achieved. Through joint working and the transfer of knowledge, expertise and technical solutions from KCC to Swindon the performance weaknesses identified in Swindon Social Services were tackled in a staged and managed approach. This relationship had the full support of all relevant government departments, and continues to provide a benchmark with regard to sector led improvement.

And what if sub-regions don't deliver against their targets? Inherent in any system must be a balance between risk and reward. In terms of reward, apart from the benefit of a significantly slimmed down regional and Whitehall bureaucracy, significant pump prime funding should be made available by the Treasury to kick-start the projects and programmes to tackle the agreed issues set out in the contract. Should a sub-region fail to hit its targets agreed in its contract with the Treasury then the constituent authorities in that area could face a reduction in central grant based on a sliding scale from perhaps 1-4% of total government grant, or pump-prime funding for the next contract could be significantly reduced or removed altogether.

Audit & Inspection

With a transformed new bi-lateral relationship between HM Treasury and local government, the need for the range of external bodies undertaking audit and inspection of local public services will be greatly reduced – as this should be the core function of Whitehall departments. Therefore, our proposal would see the wider inspectorates of local public services radically reduced, including:

a. Care Quality Commission
b. OFSTED
c. Her Majesty's Inspectorate of Constabulary

This would not inhibit the ability of the relevant Secretary of State to appoint an official inspector as a principal advisor, nor their ability to intervene in services if there is evidence of service failure, but that the standing bureaucracy that has been established to support these offices outside of Whitehall should be radically reduced and taken as a core function back into the relevant home department.

With regard to the Audit Commission, whose role has ballooned over recent years as it has become the primary agency responsible for inspection of local public services, we would wish to see its responsibilities rolled back to its initial foundation, principally focussing on assuring the Government and, specifically, HM Treasury of the financial probity of local public service providers, assessing (alongside the Treasury) progress made against sub-regional LPSA contracts, and providing national best practice reports to facilitate sector- led learning.

We believe that such a roll back in the range of functions undertaken by the Audit Commission and the wider inspectorate could save £1billion of the £8billion spent annually on the oversight, assessment and performance management of the public sector.

Notwithstanding the above, we believe the Audit Commission should play a major new role in providing independent assessment and needs-led analysis to guide national funding allocations.

Sector Led Support

Local government can point to a strong record of improvement in recent years. Successive assessment schemes introduced by Central Government – performance indicators, inspection reports, comprehensive performance assessment (CPA) and the achievement of "Gershon" efficiency targets – have all shown a consistent trend of better results, year on year. The trend of sector-led improvement is one of the moves from central control to local community leadership, an increased focus on councils' duty to promote community cohesion, engagement and involvement.

However, it is important to recognise that whilst the overall picture has been impressive, we must not exaggerate the ability of local authorities across the sector. Whilst overall improvement has been excellent, with exemplars operating above and beyond their peers, some authorities still lag behind in regards to innovation, service delivery and ensuring value for money. This range of performance might be seen as the potential weakness in our model – with weakened central control over local government who provides that support and assistance to the weakest authorities?

The answer is simple. The sector itself should be responsible for bringing its poorest performers up to standard, and reducing the risk that exists in the ability of sub-regions to delivery the LPSA contract with the Treasury. We foresee the key role in sector-led support being with the Local Government Association (LGA), who would work with the best authorities in the sub-region to actively support and engage any individual authority who had consistently performed well below the average for the sector and whose performance might put at risk the success of the sub-regional LPSA contract with the HM Treasury. The LGA's role would be as a broker and facilitator of sector-led support, promoting exchange of information and expertise across authorities.

A new streamlined relationship

We believe that such a new streamlined relationship between central and local government offers up the opportunity of transforming the perception of local government within Whitehall, provide structural capacity for the local government sector to take on the big social and economic challenges, whilst offering significant savings to the taxpayer.

The Total Place Initiative

"The only known mechanism for cutting central costs is the wholesale delegation of services to smaller units, notabaly local authorities. An analytical tool for this now exists in the Treasury's so-called total place initiative (TPI), which measures total public spending inputs to a county or town against its putative needs - and wonders why so little seems to get through to the front line. Under TPI, governenment could revive the old block-grant formula and devolve services such as health and education to localities, as in the early welfare state and in most continental countries."
Sir Simon Jenkins, 2009

"Total Place is not just another Whitehall initiative….As we enter a period when resources will inevitably be constrained, Total Place is also a chance for local agencies to 'get ahead' by examining how they can deliver better services at less cost."
Sir Michael Bichard, Chair of the TPI High-Level Officials Group

The Total Place Initiative (TPI) will seek to examine options for further public service transformation and efficiency savings across the whole of the public sector. The Operational Efficiency Programme (OEP), which includes TPI is forecast to nationally deliver £9 billion worth of efficiency savings for the public purse through savings in procurement, back offices & IT and property running costs. Explicit within TPI is the belief that all public service budgets should be aligned. Local authorities, with their unique legitimacy gained through the democratic mandate, would be natural leaders of such allied public spending. Such a move could in time allow for single public service budgets allowing local authorities to influence all public expenditure in a given area, fully fulfilling their place shaping responsibilities:

Total Place in Kent

Kent is one of the pilot areas for Total Place. TPI is a useful springboard for action, for example, in introducing a single rationalised asset management strategy for Kent's public services. The target for the single asset management strategy is £10m but the potential on what is an estimated £4-5billlion total public sector property portfolio in Kent, means that if just 5% savings could be realises some £250million savings might be possible over the long term. Nevertheless, consideration of the scale of national public spending at over £655 billion in 2009/10 (46 per cent of GDP) and national debt at over £830 billion (59 per cent of GDP) (source: ONS) should necessitate a collective wish to ask searching questions and go above and beyond existing TPI requirements to achieve better public services at less cost. What is required is nothing short of a wholesale audit of all governmental activity. As can be seen by the example above, the scale of efficiencies and savings over the long term could well exceed the limited £9billion estimate in the current OEP.

What is more, we also wish to play our part in engaging in a radical rethink of the way in which local public services are delivered. The scope for public service savings at both the front-line and in support office functions is powerful. Our framework offers the opportunity to achieve improvements in the cost, quality and responsiveness of service provision. Developing integrated service approaches can enable authorities to share staffing and expertise. Within the emerging context of drastic economic retrenchment facing all public service providers over the coming years there are undeniably potential benefits of increasing integration of front line and support office functions. Public sector property, of course, is a key area where serious financial savings can be found both within local government and across the public sector.

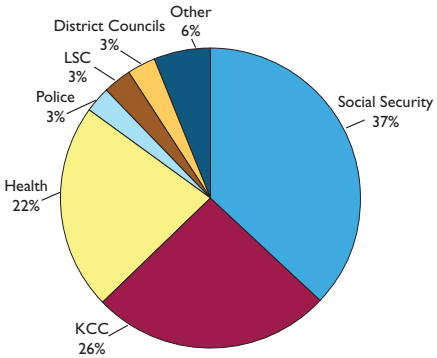
Collaboration of support services across the broader public services would see a streamlining of process and systems between organisations, providing economies and scale through bulk purchasing whilst retaining existing structures and mandates. For instance, across the pan-Kent public sector over £900 million is spent on support services. By consolidating support service functions such as legal services, contact centre, HR, finance, ICT, payroll and procurement it is possible to identify savings in the region of £40 million within the local government sector alone.

Total Place

Creating big opportunities to do things radically differently

- Single Asset Management/ Public Sector Property Rationalisation
- Margate Taskforce
- Gateway/Multi-Channel Access

Public Sector spending by organisation



Chapter 5. The bottom line - how much would this save?

Achieving more with less

We believe public spending could be reduced without affecting the quality of frontline services. How could this be achieved? In large part, through the removal of regionalism, a cull of quangos and abolition of burdensome inspection regimes. The cost of bureaucracy upon local government is well known. Take the costs associated with top-down inspection. Households pay more in income and council tax so local authorities can produce paperwork to show they are hitting centrally imposed targets.

All of this unnecessary activity could be stopped without any detrimental impact on the quality of services people receive. In 2004/05 the Conservative Party commissioned businessman David James to undertake a wholesale value for money review of governmental expenditure. The 'James Review' uncovered some £6.7 billion worth savings that would benefit both the public purse and local government. This year the LGA published its report, 'Delivering More for Less' which establishes how Government could save £4.5 billion from the public sector without affecting front-line services. The document contains notable examples of completely unnecessary activity identified by councils, through their experience of working with Whitehall. In fact, the money freed-up could be put to better use genuinely improving vital local services.

Indeed, the most powerful argument for moving towards the model outlined in this paper is around efficiencies, given the strong drive to reduce public expenditure to pare down national debt. Local government can be trusted with more responsibility: it is already the most efficient and effective part of the public sector. Four-fifths of local councils are now officially rated as either 'excellent' or 'good'. And through the adoption of historic and city boundaries as an alternative sub-regional framework, local government already has an infrastructure which can support roles devolved from national and regional government tiers.

Over the next several years the public sector will witness much tighter spending reviews, implying a reduction in the role of the state. This shift in thinking will correlate precisely at a time when there is increasing public demand on public services yet unprecedented funding, revenue and capital pressures for public sector bodies. Indeed, by HM Treasury's very own assessments, local government has the justifiable reputation of being the most efficient part of the public sector.

During the last spending review period, councils made great strides on efficiency – releasing over £4 billion worth of efficiency savings. Under the current spending round, councils expect to free-up a further £5.5 billion by 2011. In Kent alone, for the last four years we have made more than £123 million in savings. Like many other local authorities, our performance has gone above and beyond the Government's required targets.

Yet, in the coming era of fiscal retrenchment, all public agencies including local authorities will be faced with the arduous task of delivering continuous year-on-year efficiency and value for money gains. This will require central and local government to reassess its own relationship and consider fundamental questions of how, what, where and when public services should be delivered. As such, bureaucratic regional bodies and other quangos will be hard pressed to defend existing high-cost arrangements. We believe that significant public service improvement and regional and local savings could be delivered through the adoption of a city and county regions model of the family of local government in that area with a transformed and direct bi-lateral relationship with Government.

Who's in Charge?

Over the past 30 years, England's system of government has become more and more centralised. Early findings from the Total Place pilots on total public spending in local areas suggests that councils and councillors were responsible for only 5 per cent of the totality of local public services or put another way £350 of the £7,000 spent per person on local services.

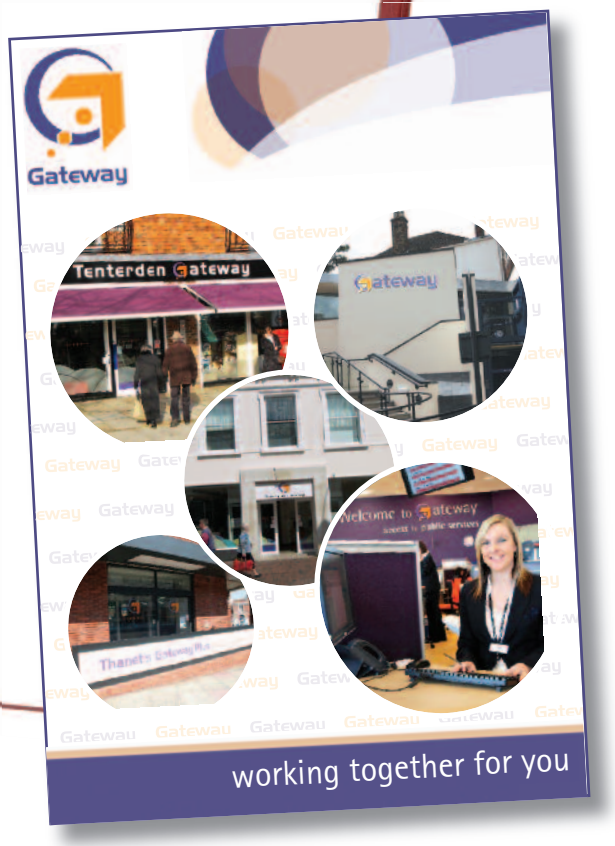
The growth in the number and power of regional bodies and quangos raises two distinct issues: accountability and cost. As for accountability the very nature of a quango is that it is not a part of

Total Place in action
- The Gateway Model

Single access to public services

In Kent local government has come together to introduce the Gateway concept – offering a single, convenient public service point sited in retail-based locations, and using the latest technologies to improve the customer experience and integrate public services in one place. The focus is on shaping services to fit around customer need, maximising efficiency both for the clients and service providers, and delivering effective, measurable outcomes for people. The scheme has been extremely popular with the first round of Gateways anticipating annual footfall of more than one million people. The Gateway concept has become an example of best practice for local government with other authorities now seeking to franchise the Gateway model in their own areas.

Phase 2 of the Gateway Programme will see the further roll out of 9 Gateways across towns in Kent, whilst the gateway brand will move to include virtual access routes such as a single 3 digit telephone number for public services in Kent and a single website – increasingly moving service provision and assessment online in order to generate significant back office savings - potentially in excess of £20 million over the next three years.



central government. Quangos are often established through Acts of Parliament and exercise powers determined by such legislation. Thus they should be seen as part of central government machinery, with reporting lines to Whitehall not local government.

At local level, regional bodies and quangos all too often bypass local government. This is neither sound use of public money or financially sustainable in the new economic climate. Nor do we believe the adoption of unelected and remote regional and quango bodies is good for renewing local democracy and accountability. The sad fact about these organisations is that they have too much public resource and achieve too little of any merit.

In June 2009 The LGA launched its Who's in Charge campaign calling for more accountability and greater value for money within the public sector. The intention of the campaign is to lobby for a stronger locally-based democracy through:

- Rolling back the 'quango state' and giving voters more influence over how their money gets spent by government at all levels;
- Giving local voters more decision-making powers over the services that matter to them;
- Giving councils a general power to provide any public service not explicitly ring-fenced by government.

The savings to be made

Indeed, it is reasonable to believe that there must be considerable scope for reducing costs. It is now almost universally accepted across the political spectrum that centralisation has led to an unacceptable level of regulation, process and bureaucracy. According to the National Audit Office the cost of regulation across the whole of the public sector is £8 billion per year. The annual cost of micro-monitoring local government activity is over £2 billion. Such top-down prescription and inspection is wastefully inefficient and time-consuming, as well as greatly inhibiting the scope for local motivation and public service innovation.

Many regional quangos duplicate activity in Whitehall leading to waste and inefficiency. Government Offices are collectively responsible for either managing or influencing some £9 billion worth of government expenditure. Strategic Health Authorities currently cost the taxpayer £5.4billion per annum. The running costs of Regional Government Offices are over £143 million: this figure represents a rise of 74 per cent since 1997.

Collectively, 9 RDAs cost the taxpayer £2.3 billion per year. Since their inception in 1999, the RDA's salary bill has more than trebled from £38m to over £120m. RDA total running costs are over £238 million. We believe that the following should be abolished:

- Regional Government Offices
- Regional Development Agencies
- Strategic Health Authorities

The Conservative Party sponsored Richard Review in 2007 highlighted examples of RDAs wastefulness. For example, RDAs effectively duplicate activity through competing against one another for inward investment. Elsewhere 3,000 business support schemes are run by over 2,000 public bodies and their contractors at a direct cost of £2.5 billion. The report concluded that at least one-third of the money spent on regional business support is lost in administration and that a third of local business schemes aren't even assessed to measure what they're achieving.

The type of quangos we believe should be abolished with many of the functions transferred to local authority control are:

- Arts Council for England
- Environment Agency
- Equality & Human Rights Commission
- Health and Safety Executive
- Highways Agency
- Homes & Communities Agency
- Learning & Skills Council (and replacement Quangos – Skills Funding Agency and Young Peoples Learning Agency)
- Museums, Libraries & Archives
- Natural England
- OFSTED
- Sport England
- Tenant Services Authority

Estimates of the total cost of quangos vary. According to official government figures quangos are responsible for £43 billion of public money. Even the Cabinet Office acknowledges that the cost of quangos has more than doubled in the last ten years. In a period of economic downturn, their intrinsically limited political accountability is closely connected to a concern that they lack incentives to be efficient with costs.

Quango performance: could do better!

LGA Quango Report Cards Report

In November 2009 the LGA published the results of its 'report card' analysis into the levels of accountability, value for money and openness of 11 top quangos. Rather predictably the majority of the quangos provide little value for money. Intriguingly, all the quangos in question had a higher proportion of staff on salaries over £100,000 compared to local government. And the absence of democratic legitimacy in these organisations was perhaps most striking feature: the research discovered that fewer than half had any board members the public had voted for.

Quango	Value for Money	Accountability	Openness
Arts Council	Green	Red	Green
Environment Agency	Amber	Amber	Green
Equality and Human Rights Commission	Red	Red	Green
Health and Safety Executive	Amber	Amber	Green
Home and Communities Agency	Green	Red	Green
Learning and Skills Council	Red	Amber	Green
Museums, Libraries & Archives Council	Green	Red	Green
Passenger Focus	Red	Red	Amber
Regional Development Agencies	Red	Amber	Green
Sport England	Amber	Red	Green
Tenant Services Authority	Amber	Amber	Amber

Source: LGA

The bottom line - how much would this save?

Estimated Public Sector Savings - Medium Term:

Objective	Estimated saving
Local Government Sector potential to deliver against OEP targets (including Total Place targets)	£9- £15 billion
Greatly slimmed down DCLG	£1.3 billion
Streamlining of inspection activity	£1 billion
Removal of the regional framework and associated bodies (including SHA)	£2.5 billion
Rationalisation of quangos	£810 million
Rationalisation of skills infrastructure and programmes	£760 million
Combined range (rounded)	£15-£21billion

Sources – HM Treasury, OEP; NAO; IoD/Tax payers Alliance

Many regional and quango health, arts, sport, business support and educational bodies should be reviewed with an assumption against their continued existence. Given local government's proven capability many of these functions should be transferred back to the local authorities. This paper's blue-print of a post-regional landscape would see regional and quango functions devolved back to a much more streamlined but locally inspired framework of post-regional local authority co-operation. Efficiencies would automatically be delivered through having a reduction in overheads: less public sector officials running ex-quango services. Therefore we call for the elimination of a whole array of regional and quango bodies with their functions and budgets, where necessary, transferred back to local government. Taken together, we believe a combination of efficiency programmes, streamlining activity and removal of unnecessary regional and quango bodies would result in some £15- £21 billion worth savings for the public purse.

Taken together – local government efficiencies, and the removal of pointless regional government and quangos, would free-up significant public resource. This in-turn could thereby provide a healthy dividend to taxpayers in the form of cashable savings, enhanced service provision and reduce pressure on council tax.

"The Conservatives control most councils in England. And, at some point in the next eight months, I hope that we will have Conservative Government in power in Westminster. As we think about that possibility I want to open up a dialogue with my colleagues in local government who have between them many years of experience of governance."

George Osborne, 2009

Chapter 6. Conclusion

A profound and significant reshaping of the future form and role of government is inevitable as public expenditure is to be slashed in the years ahead. Whitehall can no longer excuse the luxury of an expensive and immaterial regional bureaucracy. Regional and quango structures cause confusion, lack accountability and in difficult financial times simply cannot be afforded.

A deliberate policy of bureaucratic regionalism has allowed an over-mighty central government apparatus to retain too much control over all public expenditure flows from regional to local levels, while English local authorities have seen their discretion further curtailed not enhanced. Along with introducing an additional and unnecessary tier of bureaucracy, regionalism has undermined elected local government's roles and responsibilities.

Tentative moves towards sub-regions need to be applied more rigorously and extensively. So far, the emerging policy framework is confused. Entwined with existing regional and quango structures, it does not easily encompass large strategic county councils, many unitary authorities and district and borough councils. In fact the majority of local government outside of metropolitan urban areas. In future, cities and counties, of the family of local government in that area, should be established with meaningful powers and responsibilities such as those afforded to the GLA and envisaged by Greater Manchester and Leeds.

This paper in part uses Kent as an example and other examples where local government is innovative and transformational. However, it does not set out to offer the ubiquitous 'one size fits all' prescription for the future role of local government across England. What is important is that local government, having long ago earned its autonomy, should be empowered with greater public service responsibility. However, if local government is to benefit from the opportunity that currently exists it must reform itself to be able to operate collectively at the sub-regional level, where it makes most sense for many of these functions transferred from quangos and regions to sit or be devolved from. But the bottom line is that costs must be radically reduced.

The Kent vision of powerful cities and historic counties, of the family of local government in those areas, would offer the public simplified structures, clarification of roles and responsibilities, clear focus on economic development and empowerment and decision-making at the closet appropriate level to the resident.

Our proposal would simultaneously release both cashable savings and service improvements. It is of a sufficient size and scale that can offer tangible public service benefits to the people across the country. What local government needs now is the long-awaited opportunity to see the rhetoric around decentralisation of powers and responsibilities turned into practical reality.

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